



on the **GENERAL REPORT**
NATIONAL AUDIT OUTCOMES
2009-10



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



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General Report

on the national audit outcomes 2009-10

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SOUTH AFRICA

Auditing to build public confidence

Our reputation promise/mission

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



A U D I T O R - G E N E R A L
S O U T H A F R I C A

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SECTION 1: FOREWORD

It is a great pleasure to present to Parliament the 2009-10 general report which summarises the results of the audit outcomes of the national departments, including Parliament, the national consolidation (containing the national revenue fund), national public entities and trading entities, and constitutional institutions, as well as the public entities where the audits were not conducted by the Auditor-General of South Africa (AGSA), for the financial year ended 31 March 2010.

The audit outcomes of national departments for the current year showed a steady reduction in audit qualifications. The trend analysis that supports these outcomes shows 54% (2008-09: 46%) unqualified opinions with internal control shortcomings (related to reporting on predetermined objectives and compliance with laws and regulations) and a reduction in qualified opinions, 34% (2008-09: 37%) for departments. There was however a regression in clean audits (financially unqualified with no findings on predetermined objectives and compliance with laws and regulations) to 12% (2008-09: 17%). It is commendable that certain departments have made significant progress in addressing their qualifications although this has not yet resulted in an improvement in the overall audit outcome. For public entities the trend shows a steady improvement towards clean audits, 50% (2008-09: 41%) and a reduction in audit qualifications, 7% (2008-09: 10%) and unqualified opinions with internal control shortcomings to 40% (2008-09: 45%), whilst 10% (2008-09: 14%) of public entities received qualified opinions, and only three (2008-09: seven) disclaimers and three (2008-09: two) adverse opinions.

Capital assets remained the major reason for qualifications in departments (2009-10: 67%; 2008-09: 77%). While we appreciate that the work on resolving the matters pertaining to immovable assets by the ministerial task team is still ongoing, it is of concern that the inadequate maintenance of asset registers for movable assets continues to be a problem. Public entities, however, show a steady improvement in this area.

The main internal control shortcomings that limit government from achieving clean audits relate to reporting on predetermined service delivery objectives and compliance with laws and regulations. With regards to predetermined service delivery objectives 69% of departments (2008-09: 63%) and 42% of public entities (2008-09: 41%) had reported findings. Seventy-one percent of departments and 47% of public entities had findings on compliance with laws and regulations. The most significant non-compliance issues relate to supply chain management (departments 53% and public entities 24%) and the occurrence of material misstatements in the financial statements submitted for audit (74% of departments and 48% of public entities).

The capacity of departments to manage their financial and performance information and compliance with laws and regulations is further eroded by shortcomings in human resource management in 71% of departments and the lack of IT governance frameworks in 82% of departments. This analysis will also be extended to public entities in future.

The audit outcomes are an indicator that the leadership tone on human resource capacity and the monitoring of action plans is crucial. Basic reporting disciplines, such as proper record keeping, regular processing of transactions and reconciliations, preparation of monthly reporting, and controls over compliance with fiduciary responsibilities, also require leadership attention. Monthly monitoring of these key controls will enhance the level of accountability to executive authorities and improve the quality of reporting on financial and service delivery information. Strengthening governance structures such as internal audit and audit committees will further complement leadership's monitoring in this regard.

During our engagements with Cabinet and the Committee of Portfolio Chairpersons of both Houses we agreed that these priorities will give impetus to our mutual focus to address the audit outcomes going forward. This will build on the initiatives already in progress regarding the development of the leadership and CFO handbook, as well as the Integrated Financial Management System (IFMS) project by the National Treasury and improved accounting for immovable assets (land and property) by the Departments of Public Works and Rural Development and Land Reform. Going forward there is a need to formalise additional initiatives to support government as a whole on matters relating to human resource management, IT governance, reporting on predetermined service delivery objectives and supply chain management by the Department of Public Service and Administration.

As discussed in our engagement with the executive and parliamentary leadership, enhanced coordination of project management at the level of the national and provincial Ministries for Health and Education is required. This should focus on the rising cost of procurement and human resources, on the management of conditional grants and on the shortcomings in reporting on and non-achievement of service delivery objectives.

The above proved to be a catalyst spurring action from all levels of leadership and management, with the ultimate aim of achieving clean administration as evidenced by a financially unqualified audit opinion with no findings on reporting of performance against predetermined objectives and compliance with laws and regulations. The AGSA's role in this respect will be to conduct a risk assessment for the whole of government, which would serve as the foundation of quarterly interactions with the executive authority and oversight bodies, in close collaboration with audit committees and internal audit where these are functioning optimally.

In conclusion, I wish to thank the audit teams from my office and the audit firms that assisted in the national portfolio for their diligent efforts towards fulfilling our constitutional mandate and the manner in which they continue to strengthen cooperation with the leadership of the national portfolio.

Together, we will continue to make every effort to collaborate in order to accelerate the implementation of actions and contribute towards strengthening our country's democracy.

Auditor-General

Auditor-General
Pretoria
December 2010

SECTION 2: EXECUTIVE SUMMARY

The purpose of this general report is to provide an overview of the audit outcomes of the national departments¹ and public entities² for the 2009-10 financial year. The overview of these audit outcomes was presented to Parliament during January 2011 to facilitate dialogue on the understanding of the key underlying issues driving these audit outcomes and possible solutions in this regard.

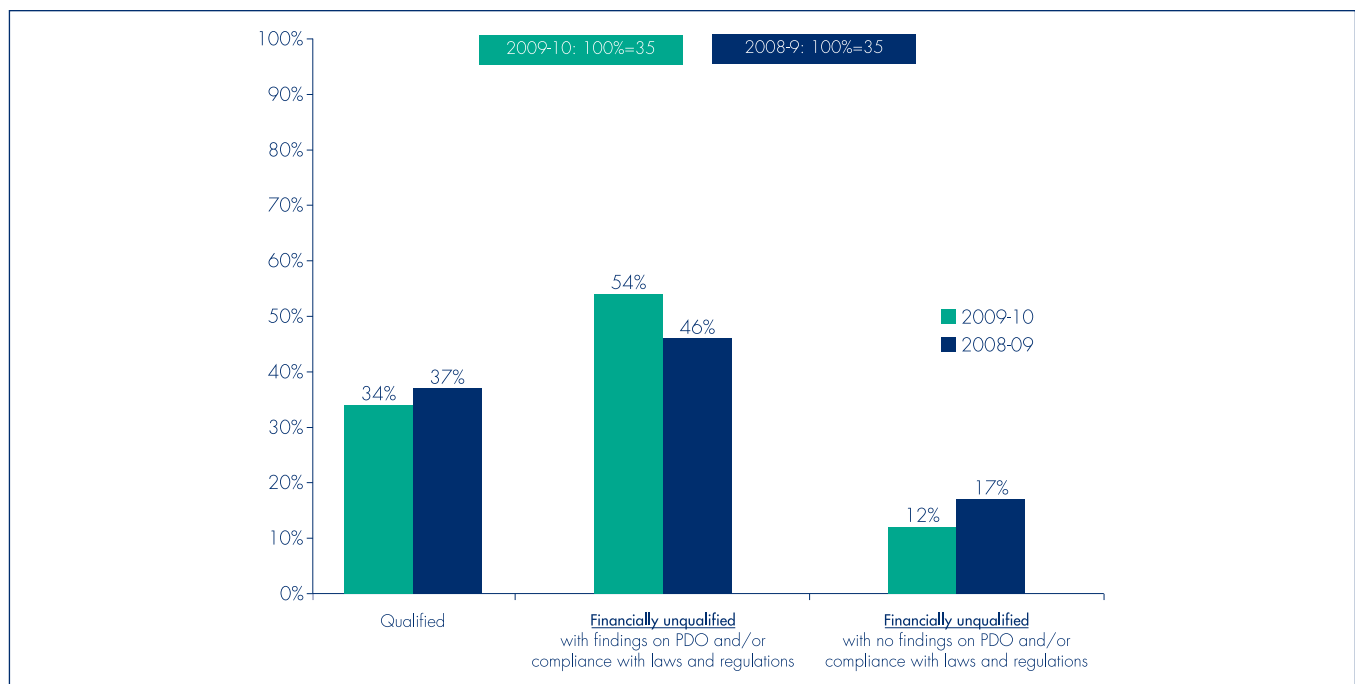
The summary which follows contains key issues and conclusions reached on the main sections in this report, while further details are contained in the body of the report.

2.1 Part A - Audits conducted by the AGSA

2.1.1 Overview of audit outcomes

The 2009-10 audit outcomes of 35 departments and 222 public entities whose audits were finalised by 30 September 2010 are analysed in this report. Figures 1 and 2 below present the outcomes of the audits of financial statements, while figures 3 and 4 present an analysis of findings arising from the audit of predetermined objectives and compliance with laws and regulations.

Figure 1: Summary of audit outcomes – Departments



Note: PDO=Predetermined objectives

No department has received a disclaimer or an adverse opinion for the past two years.

¹ Includes Parliament and the National Consolidation (containing the National Revenue Fund)

² Including trading and constitutional institutions and other types of entities

Figure 2: Summary of audit outcomes – Public entities

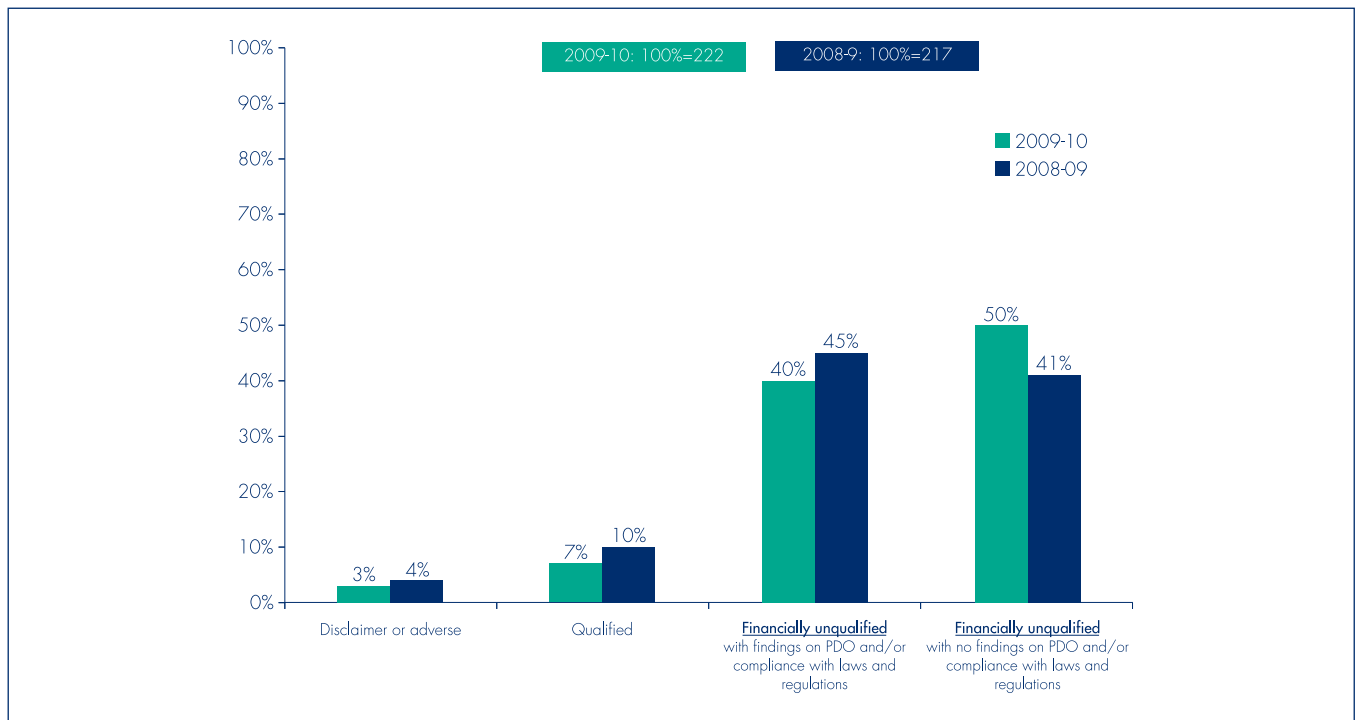


Figure 3: Analysis of departments with/without findings on predetermined objectives and/or compliance with laws and regulations

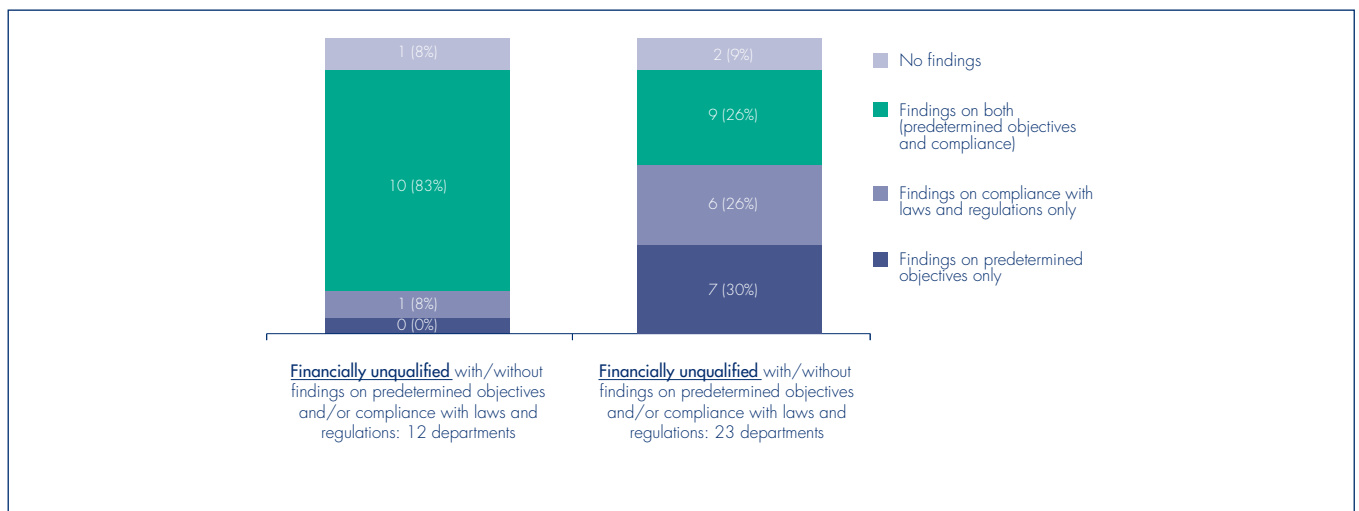
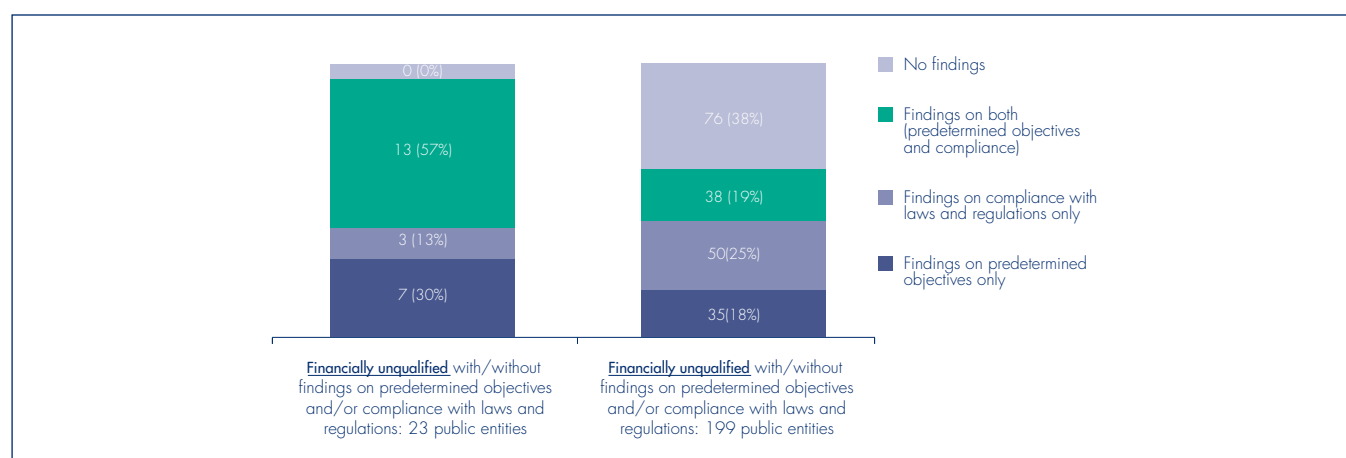


Figure 4: Analysis of entities with/without findings on predetermined objectives and/or compliance with laws and regulations



The audit outcomes for the 2008-09 financial year have been updated in respect of the audits of 13 entities (one department and 12 public entities) which had not been completed at the time of reporting last year. One department was financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations. Three public entities were disclaimed, two qualified and four financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations. The 2008-09 financial statements of the Third Parties Fund were still outstanding at the time of this report. Two public entities are not included in this general report although reported on in the 2008-09 general report.

Highlights of the audit outcomes for the year under review

The national portfolio has improved to a position where only three disclaimers and three adverse opinions were recorded for the 2009-10 financial year. Only 12 departments and 23 public entities were qualified in 2009-10 compared to 13 and 31 respectively in 2008-09, whilst 19 (2008-09: 16) departments and 89 (2008-09: 97) public entities recorded financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations outcomes.

Of the 35 departments reported on in 2009-10, seven improved, seven regressed, nine remained unchanged (but were qualified), nine remained unchanged - financially unqualified with or without findings and three showed improvements whilst obtaining a qualified opinion.

Of the 222 public entities reported in 2009-10, 52 improved, 28 regressed, 11 remained unchanged (but were qualified), 120 remained unchanged - financially unqualified with or without findings and four showed improvements whilst obtaining a qualified opinion. The remaining seven are new public entities.

Common issues that form the basis for the qualified/adverse/disclaimer of opinion on the financial statements

Figure 5: Common qualifications - Departments

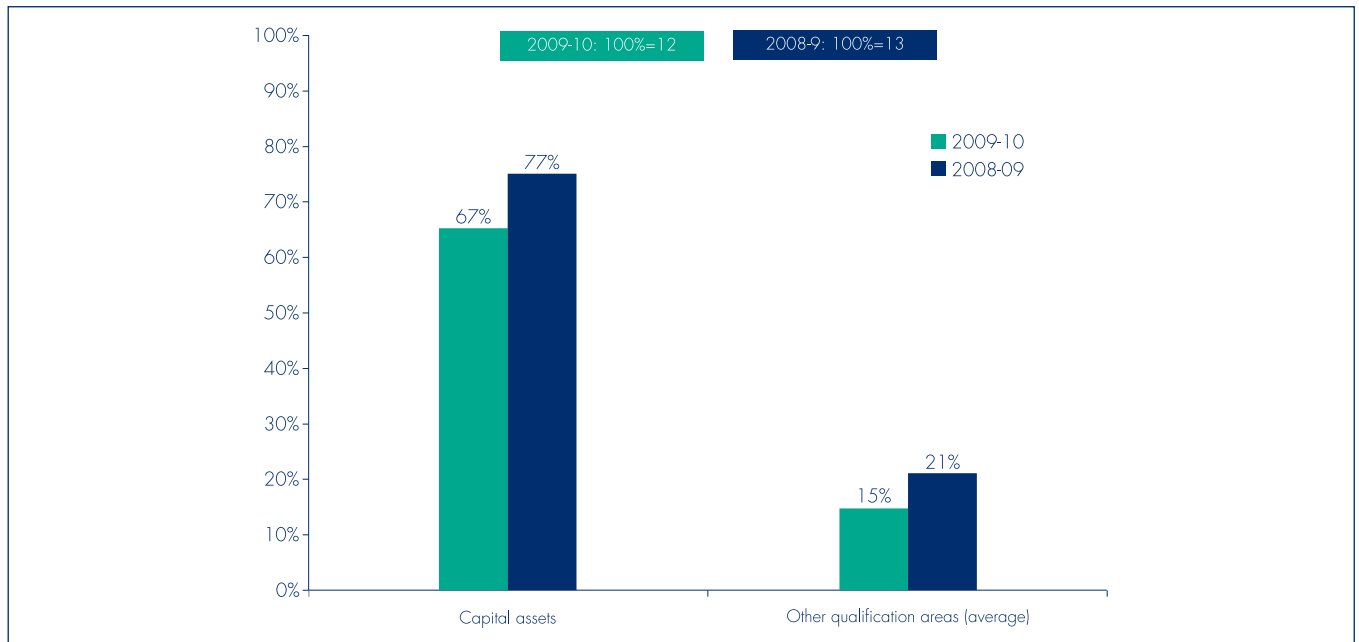
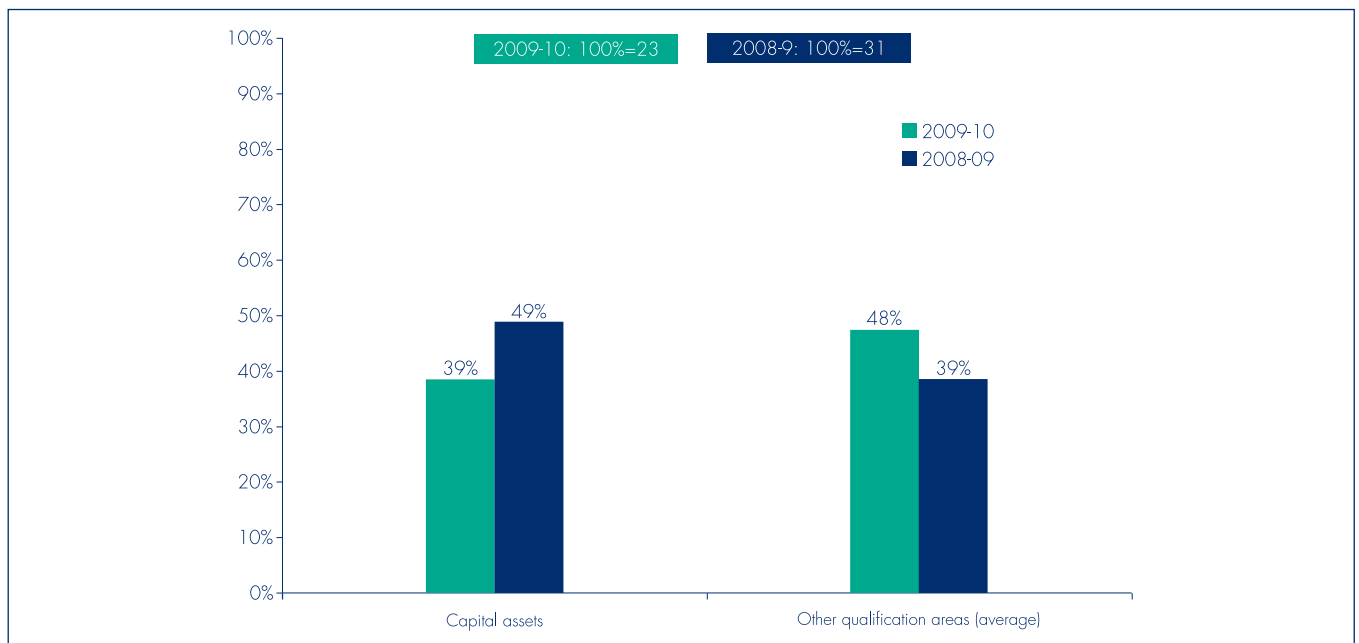


Figure 6: Common qualifications – Public entities

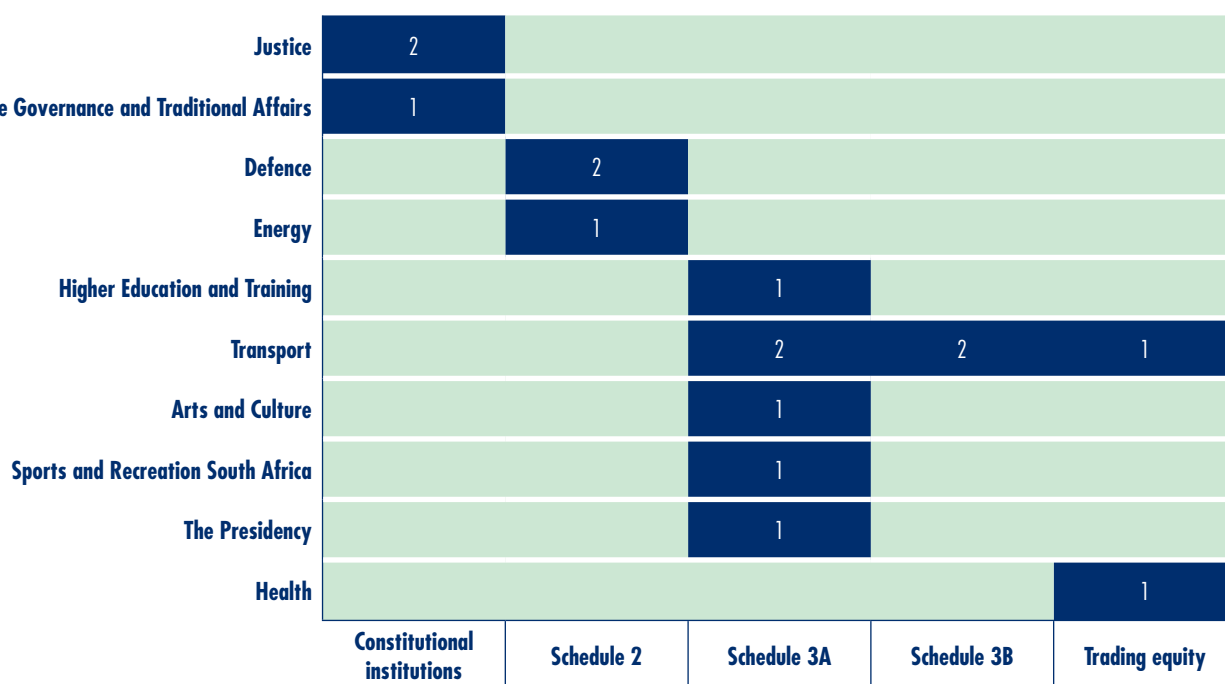


Transversal financial statement qualification areas occurred at 12 departments (2008-09: 13). The main qualification area remains capital assets (67%). There has been a 26% reduction in transversal financial statement qualification areas at public entities (2009-10: 23, 2008-09: 31).

Funding of operations/financial sustainability/going concern

Figure 7: Controlling departments with related entities

Concerns regarding the funding of operations have been identified at 16 public entities. Concerns arise from such entities having incurred net losses and/or their current liabilities exceeding net assets. Their controlling departments are depicted below.



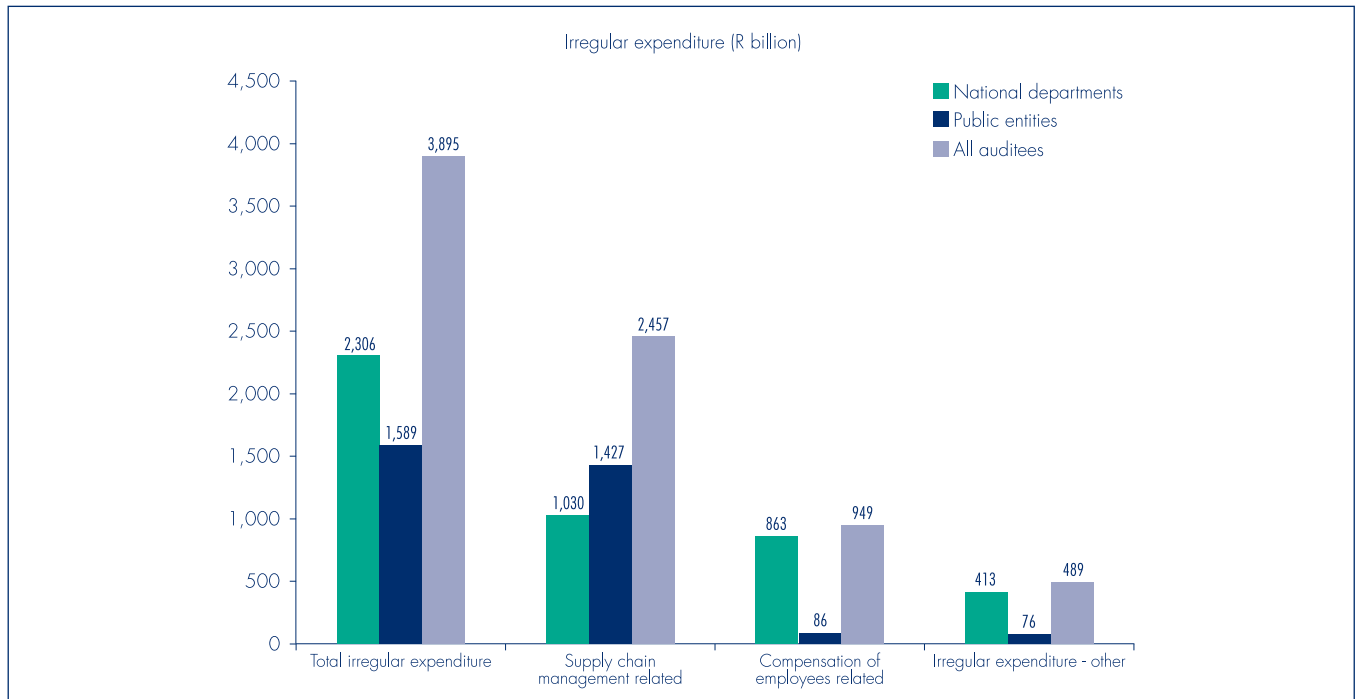
Unauthorised/irregular/fruitless and wasteful expenditure incurred during the year

Unauthorised expenditure – R362,4 million (2008-09: R1,4 billion)

One of 35 departments, namely the Department of Transport (2008-09: five out of 35) incurred unauthorised expenditure. The unauthorised expenditure incurred in both the current and prior year was in respect of bus subsidies which were paid by the department in compliance with a court order.

Irregular expenditure – R3,9 billion (2008-09: R1,3 billion)

Figure 8: Irregular expenditure

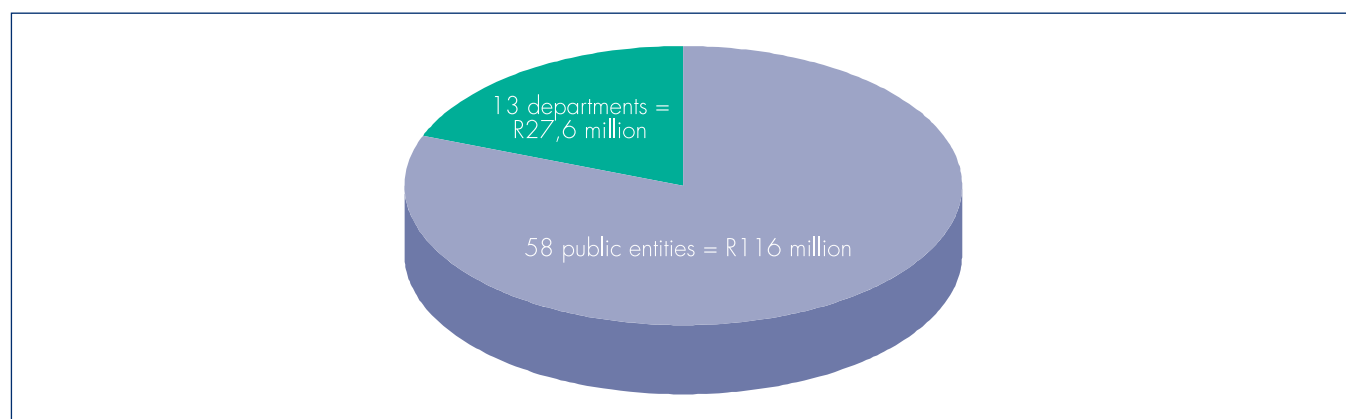


Irregular expenditure due to non-adherence to supply chain management (SCM) and compensation of employee processes was incurred by 24 (2008-09: 17) departments and 61 (2008-09: 42) public entities. This represents an increase in irregular expenditure of 41% by departments and 45% by public entities.

Of the irregular expenditure incurred by the departments, R831 million (36%) was identified by the external auditors during the audit. For public entities an additional amount of R898 million (56%) was identified by the audit.

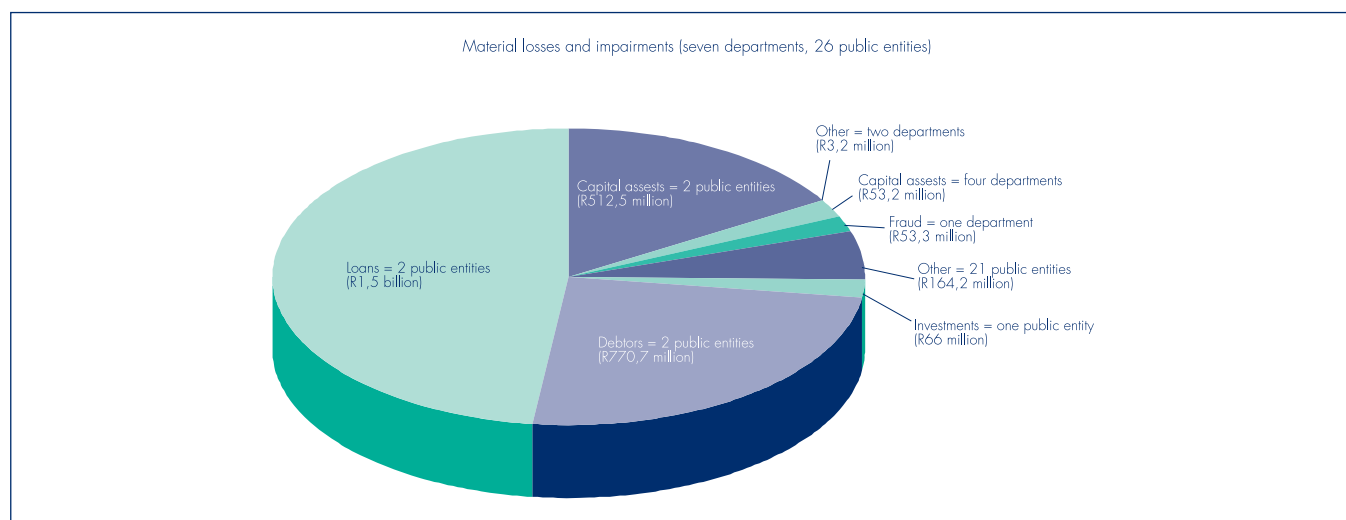
Fruitless and wasteful expenditure – R143,6 million (2008-09: R90,5 million)

Thirteen departments and 58 public entities incurred fruitless and wasteful expenditure amounting to R27,6 million (2008-09: 10 (R35,2 million)) and R116 million (2008-09: 47 (R55,3 million)) respectively. Three departments incurred 78% (R21,6 million) of the total fruitless and wasteful expenditure for departments, while five public entities incurred 65% (R75 million) of the total amount incurred by public entities.

Figure 9: Fruitless and wasteful expenditure incurred by departments and public entities

Matters that give rise to such expenditure include penalties and interest incurred on late payments to creditors and cancellation fees levied when venues/events were booked but not used.

Material losses, material impairment of assets and underspending of the vote/conditional grants

Figure 10: Material losses, material impairment of assets and underspending of the vote/conditional grants

Material losses (R107,1 million) and impairment of assets (R2,6 million)

Departments

- Seven departments (2008-09: 6), namely Rural Development and Land Reform; Government Communication and Information System; Home Affairs; Statistics South Africa; Correctional Services; the Presidency and Trade and Industry, incurred material losses and impairment of assets of R109,7 million (2008-09: R54,8 million). The most significant of these were losses due to fraudulent activities amounting to R53,3 million at Rural Development and Land Reform.

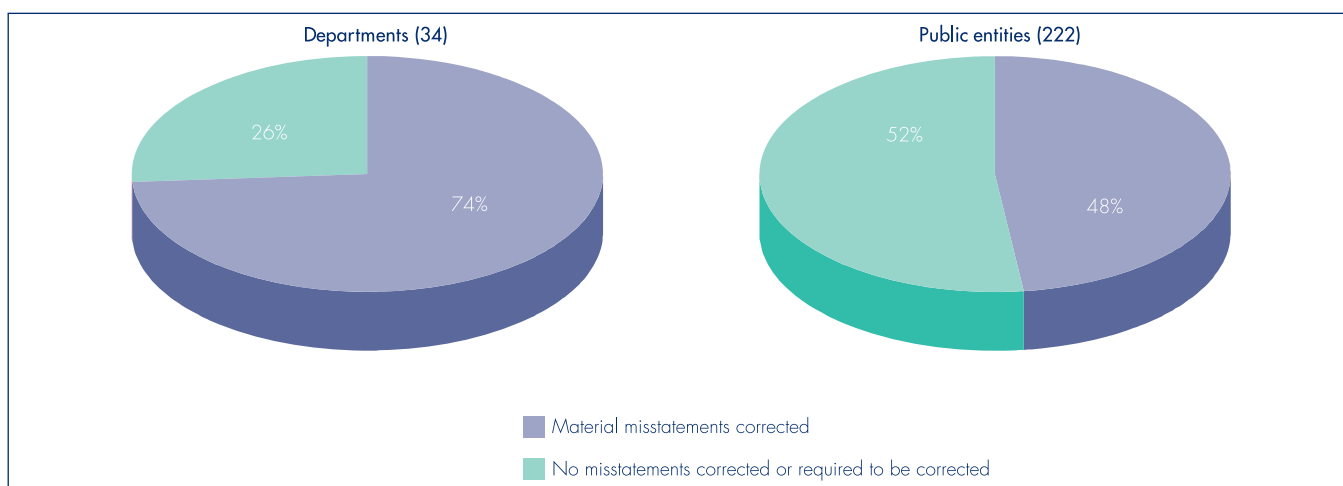
Public entities

- Twenty-six public entities (2008-09: 15) incurred material losses and impairment of assets totalling R2,5 billion (2008-09: R1 82, 3 million), of which an amount of R1,5 billion relates to the Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd. The main reasons for impairments were the recoverability of loan amounts and doubtful debtors, assets that had design defects and therefore did not have the required functionality and, in one instance, impairment of an investment.

Material misstatements in financial statements corrected during the audit

Depicted below are the statistics regarding material misstatements found in the financial statements presented for audit which were corrected by management when identified by the auditors.

Figure 11: Entities that corrected material misstatements during the audit

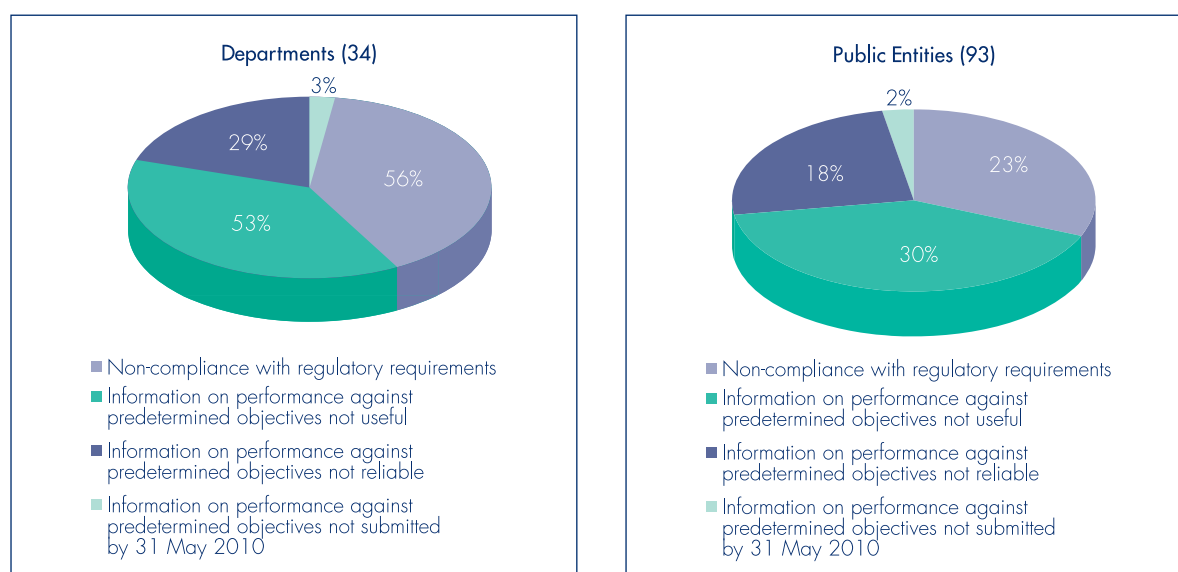


The correction of these misstatements is directly related to the reduction in the number of departments and public entities that received a qualified audit opinion. Material misstatements also constitute non-compliance with the PFMA as internal controls should have been implemented to ensure that the financial statements presented for audit fairly present the financial results.

Although the number of qualified audit outcomes for departments and public entities has decreased compared to the prior year, the quality of the financial statements submitted for auditing is still not adequate based on the increase in material misstatements corrected during the audit. A tendency to rely on the auditors to identify errors was noted at 25 departments (2008-09: 14), while 106 material misstatements were corrected at public entities (2008-09: 55).

Findings on reporting on predetermined objectives

Findings arising from the audit of predetermined objectives of departments were made at 25 of 35 departments in the current year, compared to 22 of 35 departments in the previous year. At public entities findings were raised at 93 of the 207 audits completed, compared to 89 of the 166 audits completed during 2008-09. The findings relate to the matters indicated below.

Figure 12: Summary of findings on reporting on predetermined objectives*Non-compliance with regulatory requirements relating to performance management*

- Non-compliance findings include objectives, indicators and targets not being predetermined and performance information not reported against them. In some instances material differences between actual and planned performance were not explained.

Usefulness of information on performance against predetermined objectives

- Findings include objectives not being measurable against indicators and targets and the absence of clear and logical links between the objectives, outcomes, outputs, indicators and performance targets.

Reported information on performance against predetermined objectives not reliable

- Findings on reliability include instances where the actual reported performance could not be verified.

Accounting officers/authorities of departments and public entities need to ensure the alignment of the budgets and the quarterly and annual reporting of predetermined objectives with the strategic/corporate plans of these entities. Performance indicators should be revised to align to the SMART principle, as prescribed by the National Treasury framework for managing performance information. In addition, documentary evidence should be kept in support of the reported performance against predetermined objectives.

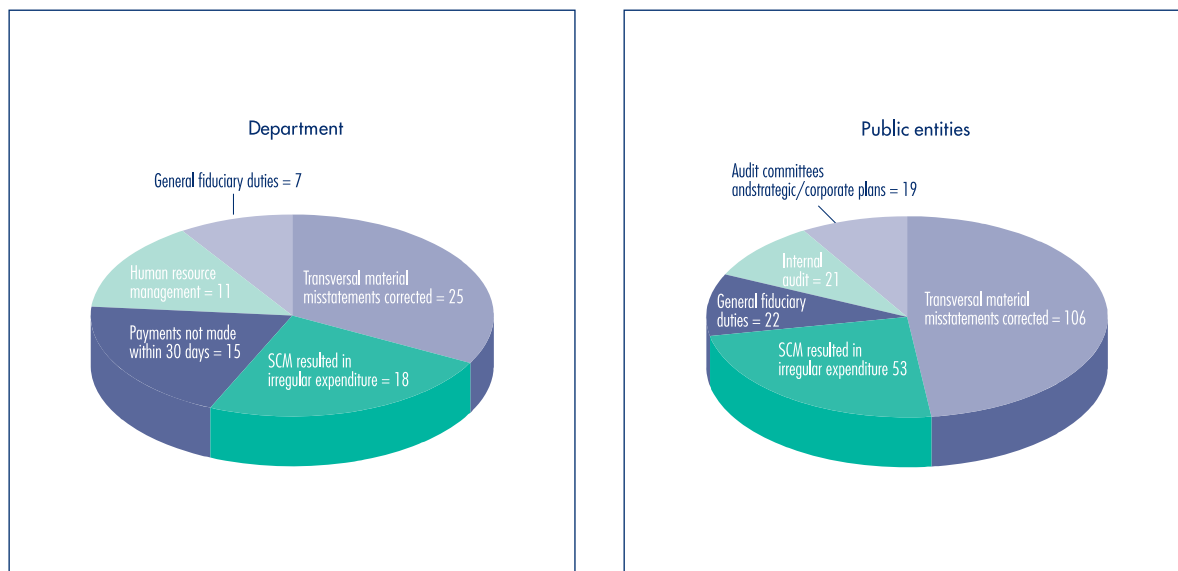
Findings on compliance with laws and regulations

Some of the compliance matters identified at departments and public entities relate to transactions prohibited by legislation, while others relate to failure by accounting officers/authorities and other officials to meet their legislated responsibilities.

In total, 25 departments (2008-09: 22) and 104 entities (2008-09: 68) had findings on compliance with laws and regulations. There has not been any significant change in the number of departments or public entities

with findings on non-compliance compared to 2008-09. The material misstatements on the financial statements submitted also constitute non-compliance with the PFMA as internal controls should have been implemented to ensure that the financial statements presented for audit fairly presented the financial results.

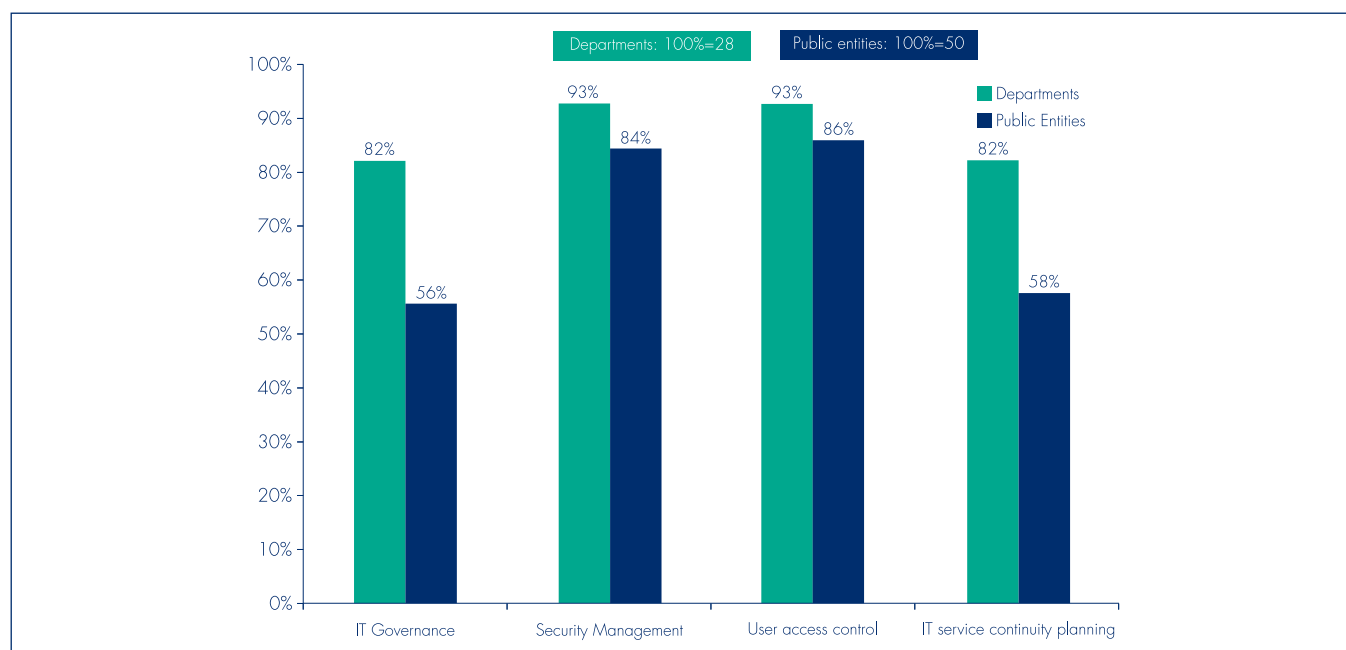
Figure 13: Summary of top five findings on compliance with laws and regulations



Accounting officers/authorities at departments and public entities should implement internal controls with ongoing review and monitoring by management to prevent lapses in compliance with laws and regulations.

Significant findings on information technology systems

Figure 14: Audit findings raised on common IT focus areas



Departments are heavily reliant on computerised information systems, e.g. the Basic Accounting System (BAS), Personnel Administration System (Persal) and the Logistical Information System (Logis), to perform their statutory financial management, reporting and administrative functions.

Significant weaknesses were identified in the following areas of the management of these information systems:

- Information technology (IT) governance, which provides for the structures, policies and processes whereby departments ensure that IT supports the organisation's strategies and objectives
- Security management, which should prevent unauthorised access to the application system that generates the information used to prepare the financial statements
- User access controls whereby departments ensure that only valid and authorised users are allowed access to initiate and approve transactions on the system and that user access is adequately segregated when transactions are captured and approved
- IT service continuity whereby departments ensure the availability of financial and performance information in instances of data loss or a disaster.

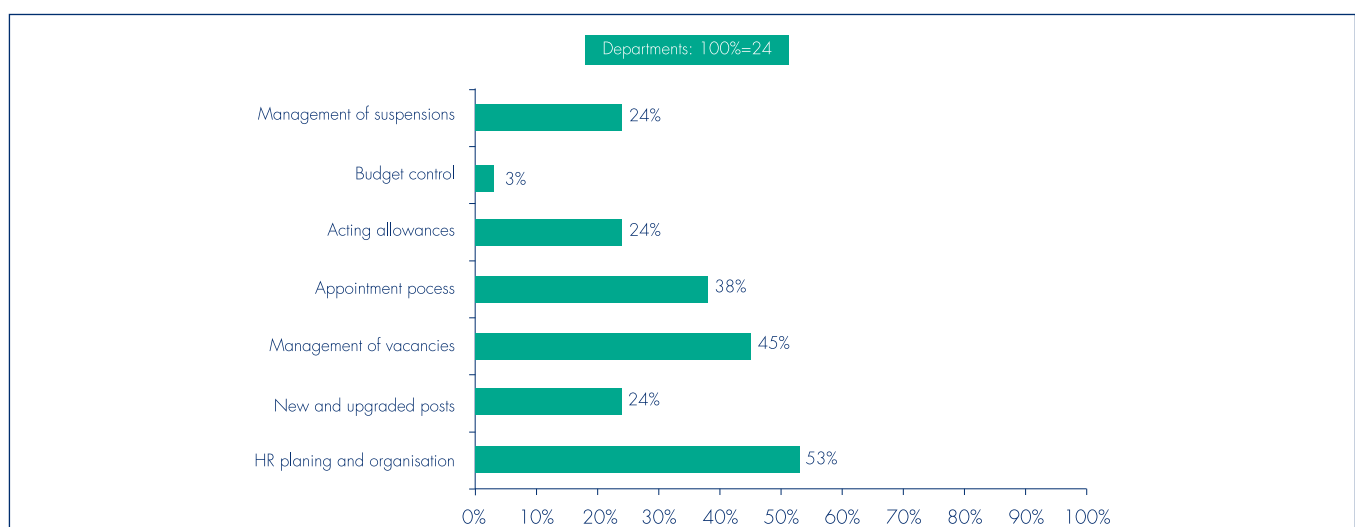
Some of the weaknesses identified were reported in the prior year but had not been addressed and the risks of fraud and loss therefore remain.

Significant findings from audits of human resource management and compensation of employees (departments only)

The regularity audits of departments included an assessment of compliance with the PFMA, Treasury Regulations (TR), the Public Service Act, 1994 (PSA), Public Service Regulations, 2001 (PSR), Defence Act, 2002 (Act No. 42 of 2002) and directives/determinations issued by the Minister of Public Service and Administration (MPSA) that support effective human resource management and controls over compensation of employees.

The figure below depicts the percentage of departments where findings were raised in the different areas of human resources (HR) management.

Figure 15: Findings arising from the audit of human resource management

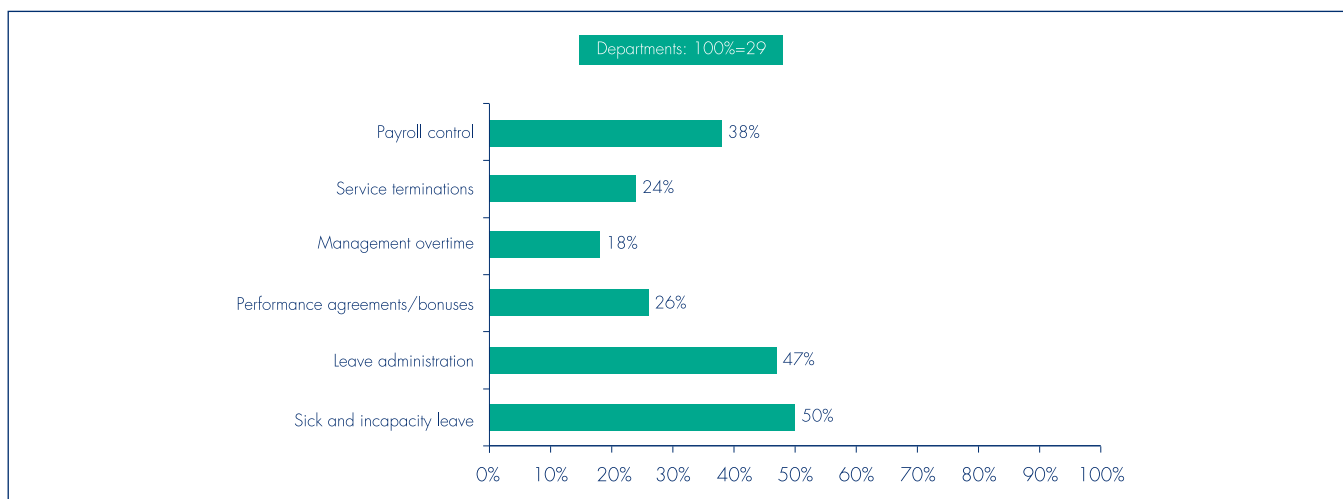


Twenty-four national departments did not meet all the requirements for an effective HR management system compared to 19 departments in the previous year. These weaknesses could impact on departments' financial management and ability to deliver services in accordance with their mandates. It is of concern that the weaknesses identified were in respect of those controls prescribed by legislation for implementation by departments. Weaknesses were identified in the following key areas:

- Human resource planning and organisation
- Lack of a human resource plan
- Positions vacant for more than 12 months: Senior management
- Positions vacant for more than 12 months: Finance division
- No improvement in overall vacancy rate
- No improvement in senior management vacancy rate

The figure below depicts the percentage of departments where weaknesses in control over compensation of employees were identified.

Figure 16: Findings arising from the audit of compensation of employees



In general, compensation of employees is not an area of high risk as remuneration and conditions of services are determined and managed centrally by DPSA; however, some controls were found to be inadequate at departmental level. Furthermore, compensation is implemented and controlled by National Treasury via Persal, which is used by all departments, excluding the Department of Defence. For the Department of Defence compensation of civilian staff is regulated centrally by DPSA, while uniform members are remunerated in terms of section 55 of the Defence Act and the PSA.

Twenty-nine departments did not meet all the requirements for control over compensation of employees. These weaknesses could lead to employees receiving compensation and benefits that they are not entitled to. Weaknesses were identified in the following key areas:

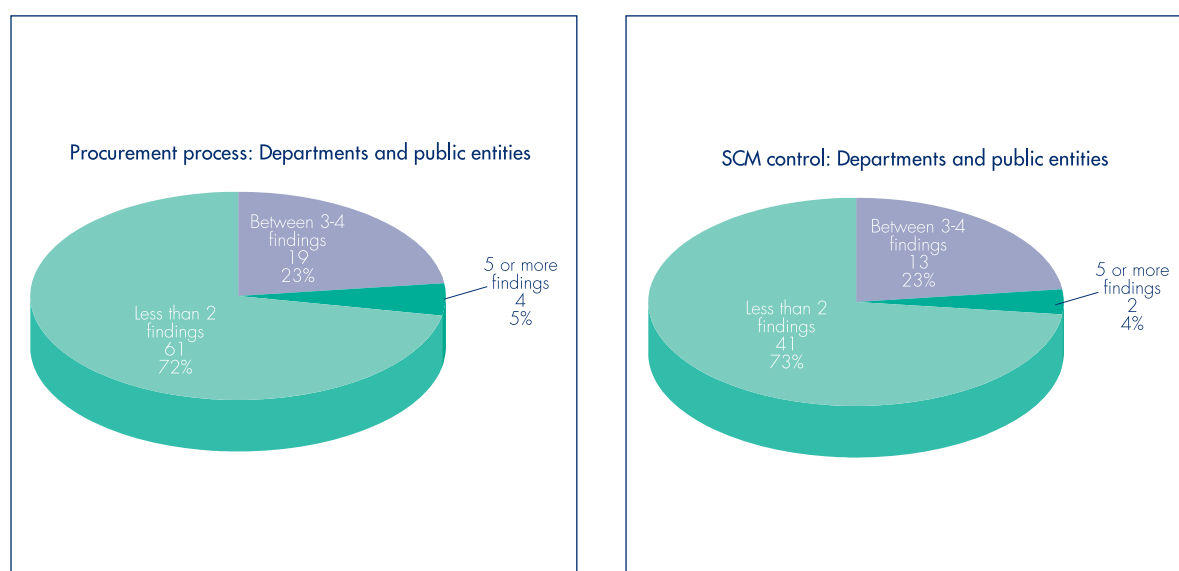
- Incorrect leave credits
- No payroll certification at pay point
- Temporary incapacity leave : Non-compliance with the determination and policy
- Payroll reports not returned to the finance division within 10 days as required

Significant findings arising from audits of supply chain management

The regularity audits included an assessment of supply chain management. Significant findings were identified in the areas of procurement processes and SCM controls.

Five percent of departments and four percent of public entities had five or more findings on issues relating to supply chain management, such as the procurement process and SCM control. The main findings on procurement processes include three price quotations not invited; preference point system not applied and lack of prospective supplier lists. The main findings on SCM controls include inadequate segregation of duties; risk assessment not addressing procurement and contract management risks; and fraud prevention plan not including specific measures to counter procurement fraud risks.

Figure 17: Analysis of findings from the audit of procurement process and SCM controls



The figures below indicate the prevalence of findings in the procurement process and the lack of SCM controls in departments and public entities

Procurement process findings were raised at 18 departments and 66 public entities. These findings relate to the following:

- Three price quotations not invited
- Deviation from competitive bidding - without approval
- Competitive bidding deviation not justified
- Deviation from competitive bidding - approved in accordance with Treasury Regulation 16A6.4
- Awards to suppliers who failed to provide valid tax clearance certificates
- Preference point system not applied
- Contracts awarded to suppliers who did not score the highest points
- Prospective supplier list not being maintained

SCM control findings were raised at 14 departments and 42 public entities and findings relate to the following:

- SCM policies in conflict with applicable legislation
- Inadequate segregation of duties in procurement
- No processes for SCM officials to report breaches/non-compliance
- SCM officials not adequately trained
- Risk assessments conducted by departments and public entities did not address procurement and contract management risks
- Fraud prevention plans did not include specific measures for procurement
- No internal audit evaluation of SCM compliance

Significant findings from sector audits

Since the 2007-08 audit cycle, regularity audits have included a specific assessment of service delivery aspects relevant to the Health, Education and Human Settlements sectors. The sectors of social development and public works were added and reported on in the 2008-09 AGSA general report. Depicted below is an analysis of key findings in the aforementioned sectors. Blank spaces on the table indicate no findings were raised in the province concerned. The detail of these findings is excluded in the consolidated provincial general report.

Figure 18: Provinces with key findings impacting on the service delivery objectives of the Department of Education programmes

	HIV and Aids life service delivery	National school nutrition programme	Dinaledi school initiative	Learner transport scheme
Eastern Cape				
Free State				
Gauteng				
KwaZulu-Natal				
Limpopo				
Mpumalanga				
Northern Cape				
North West				
Western Cape				

Figure 19: Provinces with key findings impacting on the service delivery objectives of the Department of Health programmes

Eastern Cape					
Free State					
Gauteng					
KwaZulu-Natal					
Limpopo					
Mpumalanga					
Northern Cape					
North West					
Western Cape					
	HIV and Aids grant	Hospital revitalisation grant	Health professions training and development grant	Emergency medical services	Medical waste management

Figure 20: Provinces with key findings impacting on the service delivery objectives of programmes of the departments of Human Settlements, Social Development and Public Works

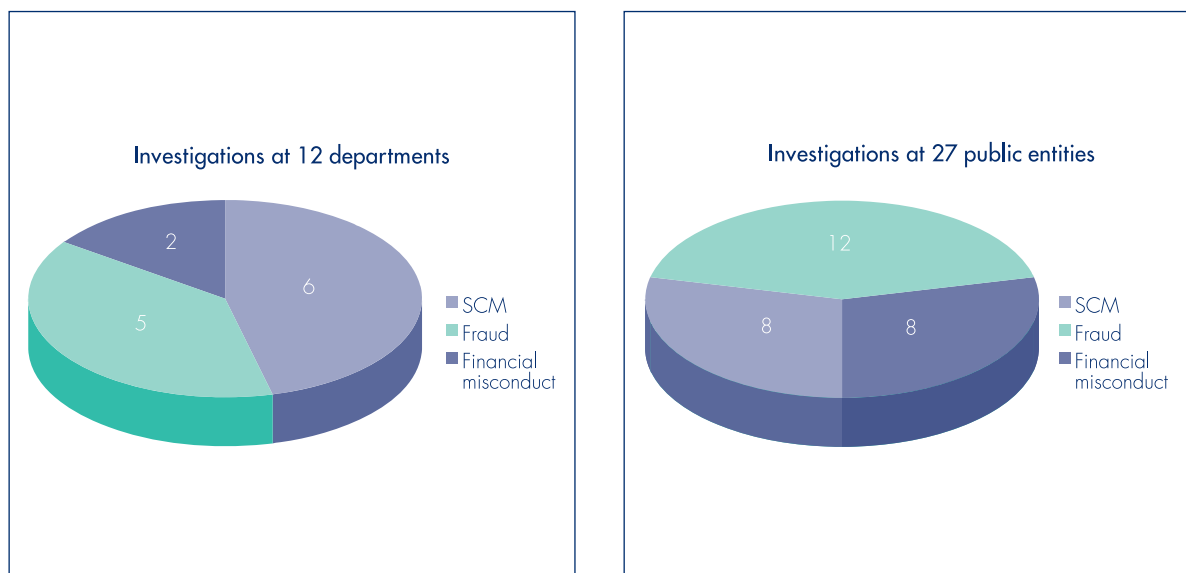
Eastern Cape					
Free State					
Gauteng					
KwaZulu-Natal					
Limpopo					
Mpumalanga					
Northern Cape					
North West					
Western Cape					
	Human Settlements: Individual and project-linked housing subsidies	Social Development: Transfers to NPOs	Social Development: Monitoring service delivery programmes	Public Works: Management of accommodation for client departments	Public Works: Project management of infrastructure projects

Investigations conducted by the AGSA

Investigations were in progress at the Commission for Conciliation, Mediation and Arbitration and Commission for Gender Equality. Three investigations were completed during the financial year at the Department of Water Affairs, Companies and Intellectual Property Registration Office and the South African Broadcasting Corporation regarding matters relating to supply chain management, fruitless and wasteful expenditure and human resources.

The table below depicts the reasons for other investigations finalised or in progress. These were not necessarily performed by the AGSA but were assessed as being material for purposes of inclusion in the auditor's report.

Figure 21: Analysis of the reasons for investigations conducted at departments and public entities



Performance audits

The following performance audit reports were tabled in Parliament during the period under review:

Table 1: Tabling dates for performance audit reports

Report name	Date tabled
Projects that are funded by the National Development Agency	26 November 2009
The rehabilitation of abandoned mines at the Department of Minerals and Energy	December 2009
The handling of confiscated abalone at the Department of Environmental Affairs and Tourism	30 July 2009
Forensic Chemistry Laboratories at the national Department of Health	26 January 2010

In addition, the AGSA conducted performance audits of the infrastructure delivery process at the provincial departments of Health and Education as part of a transversal performance audit on infrastructure delivery, details of which are included in the provincial consolidated general report.

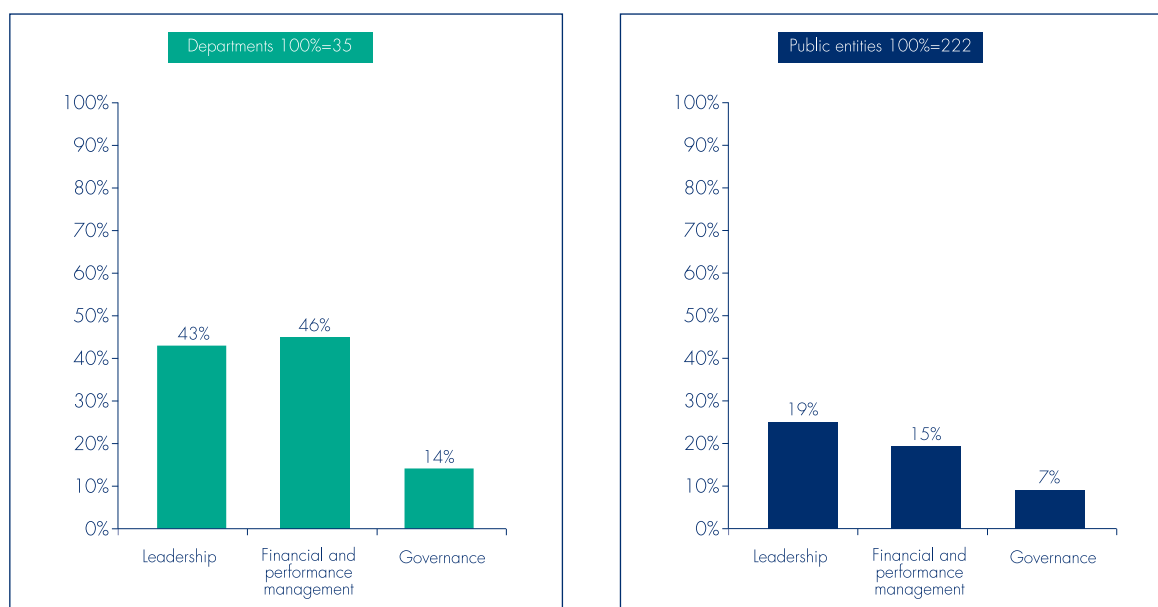
The accounting officers responded positively on the recommendations to address the shortcomings highlighted in the performance audit reports. Changes were made to the management processes to improve the planning, management and monitoring of activities with a view to improved service delivery. Furthermore, various executive authorities indicated that they were in the process of improving the skills of their staff through dedicated training. Processes have been introduced to strengthen coordination between role players. Audit procedures have been included in the regularity audits to address the findings from performance audits.

2.1.2 Drivers of audit outcomes

As is evident from the above analysis of the audit outcomes, there is much to be attended to in order to achieve clean administration. To this end, the drivers of audit outcomes can largely be categorised into three fundamental areas of internal control: leadership, financial and performance management and governance. These controls are three dimensional and can be directly linked to the basis for the qualification/adverse/disclaimers of opinion on the financial statements, the findings on predetermined objectives and compliance with applicable laws and regulations.

Departments and public entities that achieved improvements or maintained positive audit outcomes can attribute these improvements to the implementation and effective monitoring of the three fundamentals of internal control. The overall audit outcomes in the national portfolio improved because the executive authorities and accounting authorities played an active role in monitoring progress made in driving clean administration.

Figure 22: Number of departments and public entities that have key control deficiencies to address



The findings related to human resource management as detailed in figure 15 above have a direct impact on the capacity of the departments to manage their financial and performance information and compliance with laws and regulations. This is exacerbated by the issues relating to the lack of an effective governance framework for information technology which supports the business and other IT-related matters as depicted in figure 14 above.

These are key areas which, when addressed, demonstrate effective leadership by the heads of department/director-general and the executive authority as concerns ethical business practices and good governance that enhances and protects the interests of the entity.

Figure 17 depicts the number of departments and public entities that had five or more findings on issues relating to procurement processes and SCM controls. Findings on procurement processes include three price quotations not invited; the preference point system not applied, and a lack of prospective supplier lists. Findings on SCM controls include inadequate segregation of duties; risk assessment not addressing procurement and contract management risks; and fraud prevention plan not including specific measures for procurement.

These matters, together with the incidence of material misstatements which had to be corrected as detailed in figure 11, the qualifications on the financial statements and the findings on reporting on predetermined objectives, indicate that basic disciplines such as proper record keeping, regular processing of transactions and reconciliations, preparation of monthly reporting and controls over compliance with fiduciary responsibilities, are not in place.

These are areas that should be receiving attention from the chief financial officer (CFO) insofar as financial matters are concerned, and from the strategic/monitoring and evaluation unit with regard to performance matters. The executive, head of department/director-general should be holding the responsible officials accountable and monitor the achievement of these controls on a regular basis. The overall audit outcomes in the national portfolio improved as a result of the active involvement of the CFOs in the preparation of the financial statements and their availability during the audit process.

Strengthening governance practices is another area that requires attention. There is a need to adequately resource the internal audit function to ensure that it operates effectively by identifying internal control deficiencies in a timely manner and by recommending and monitoring corrective action.

In addition, whilst audit committees have in general been appointed and are meeting, there is scope for improving the interaction of the executive and the head of department/director-general with a view to providing feedback on the identification of risk areas and an assessment of the effectiveness of the control environment.

Minsters have agreed that the actions highlighted require attention and have committed to taking ownership of the matters to be addressed.

The National Treasury is in the process of implementing a CFO and leadership handbook to assist the respective role players in fulfilling their functions. In addition they have implemented a tool for assessing internal control for use by departments (financial capability maturity model) and are in the process of assessing the capabilities of CFOs and other key functions.

The development of an integrated financial management system is also being addressed by the National Treasury. However, this development is running behind schedule and attention needs to be given to ensuring that the controls that should be in place in a system development life cycle are adhered to. The actions and initiatives taken by National Treasury have provided further support to departments and public entities, which led to the improved audit outcomes.

Matters requiring additional guidance or monitoring by the Office of the Accountant-General to prevent a possible negative impact on the audit outcomes are summarised as follows:

- Changes to the applicable financial reporting frameworks of GRAP/GAAP of IFRS
- Audit considerations relating to an entity using a service organisation. Departments and public entities should therefore be alert to the fact that certain internal controls and financial transactions in one department or entity might impact on the audit opinion of another department or public entity.
- The transfer of functions as a result of the changes in the structures of national departments.

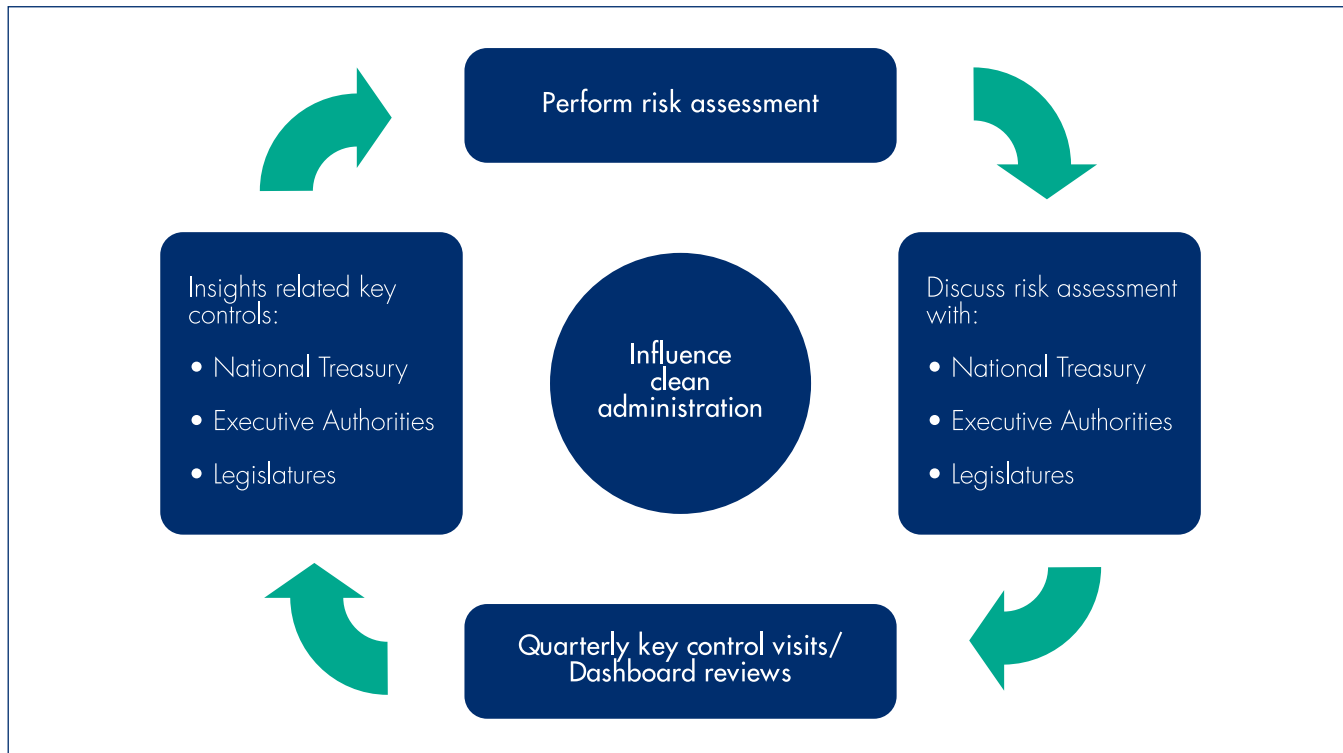
The DPSA is playing a role in addressing matters pertaining to measuring and reporting performance on the predetermined objectives and providing e-government leadership and coordination to assist departments in ensuring that their IT systems are adequate and effective and efficient. In addition, DPSA is responsible for developing policies and guidance concerning HR management and will drive the process of improvements in this area. The Departments of Rural Development and Land Reform and Public Works are collaborating with the National Treasury on a project to address matters which include the vesting, ownership and valuation of immovable assets. This project was commissioned by the Cabinet and although progress has been made, a concerted and urgent effort is required to ensure that this area, which is a major contributor to the qualifications in departments, is addressed and brought to a conclusion.

An important factor in ensuring the achievement of the above is effective leadership by oversight bodies such as the Standing Committee on Public Accounts (SCOPA) and the portfolio committees (PCs). This is supported by a reflection on the status of the implementation of SCOPA resolutions where 43 out of a total of 73 had been implemented, 29 were in progress and only one had not yet been addressed. PCs have intensified their oversight work-programme and have developed a constructive working relationship with the AGSA. In line with these initiatives, APAC at its recent annual conference undertook to coordinate and provide feedback on whether public accounts committees in the nine provincial legislatures and the national assembly are following up on issues highlighted and to provide the AGSA with feedback in this regard.

Individual departments also undertook to improve the internal control environment to achieve the ultimate goal of a financially unqualified audit opinion with no findings on the reporting on performance against predetermined objectives and no findings on compliance with applicable laws and regulations.

2.1.3 Initiatives by the AGSA to encourage clean administration

Figure 23: Key elements of the AGSA initiatives to influence audit outcomes



In order to guide and encourage the achievement of unqualified audit opinions with no reported findings on predetermined objectives and compliance with laws and regulations, the AGSA leadership embarked on an intensified programme to enhance its visibility in order to improve the effectiveness of the audit process and engage with all role players that could influence clean administration.

This includes interaction with portfolio committees, the normal SCOPA briefings and attendance at hearings, quarterly visits with the executive authority and accounting officer/authority in addition to the attendance of audit committee and steering committee meetings during the course of the audit process. At these meetings the risks facing the respective entities are discussed and key controls that should be implemented to address these risks and audit outcomes are presented.

Commitments to implementing these controls are recorded. The achievement of the key controls is monitored and a dashboard report is presented indicating the current status of the controls. This is followed up at the quarterly meetings during the year leading up to the following reporting cycle.

2.1.4 Overview of status of national consolidation

Consolidation of financial statements of departments and public entities

Section 8(1) of the PFMA requires the National Treasury to prepare consolidated financial statements in respect

of national departments, public entities under the ownership of the national executive, constitutional institutions, the South African Reserve Bank, the Auditor-General and Parliament.

The National Treasury has instead prepared two separate sets of consolidated financial statements as the public entities have significantly different bases of accounting to that of departments. At this stage it is not possible to consolidate the financial affairs of all the public entities into one set of financial statements as the processes to allow for the elimination of inter-entity transactions are not in place and the shareholding of these public entities is vested in the departments which are consolidated separately.

A qualified audit opinion was expressed on the consolidated financial statements of national departments mainly due to scope limitations regarding immovable tangible capital assets, movable tangible and intangible assets, Public Private Partnership assets, irregular expenditure, transfers and subsidies and fruitless and wasteful expenditure.

The consolidation of the public entities is in fact a mere aggregation for the reasons mentioned above and is audited as an agreed-upon procedures assignment. Of the five agreed-upon procedures performed at public entities, four were successfully completed. The one procedure, which involved confirming the list of entities not consolidated and not included in the PFMA listing, could not be performed as the completeness of the list could not be verified.

Figure 24: Areas qualified in national departments consolidated financial statements



The areas of qualification are an indicator of those qualified in the individual departments and their materiality to the consolidated financial statements of all departments.

2.1.5 Overview of status of tabling of annual reports

Status of tabling of annual reports

In accordance with section 65(1)(a) of the PFMA, the executive authority responsible for a department or public entity should table in the National Assembly the annual report and the financial statements, within one month of receipt of the audit report. Details of the annual reports tabled are listed in the table below.

Table 2: Annual reports tabled by departments public entities

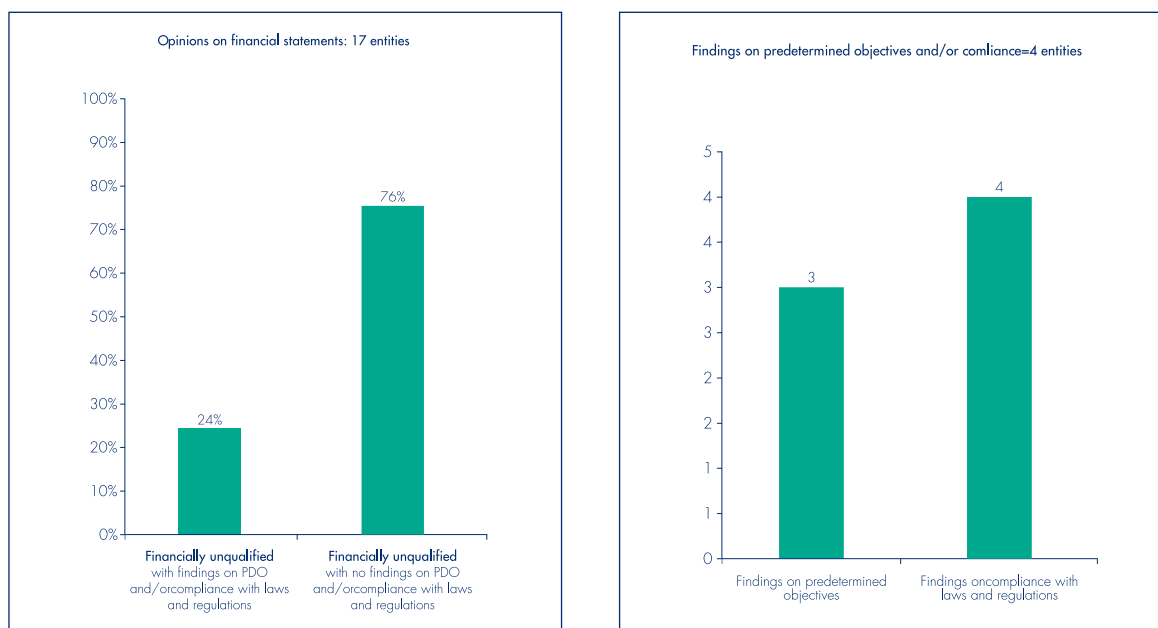
Type of auditee	Percentage of reports tabled at 31 August 2010	
	2009-10	2008-09
Departments	100%	100%
Public entities	96%	100%

2.2 Part B - Audits not conducted by the AGSA

This section includes a summary of the audit outcomes of the major public entities listed in schedule 2 of the PFMA for 2009-10. The inclusion of these entities not previously reported on in the general report will promote transparency and public accountability with regards to financial and performance management, fundamental key controls and compliance with laws and regulations. The extent of the information reported on pertaining to these entities should improve in the years to come. This will be brought about through improved monitoring, as required by the PAA, and improved interaction with all the relevant stakeholders.

The evaluation of the audit outcomes in this section was based on the individual audit reports of the major public entities and their subsidiaries on a consolidated basis. The monitoring checklist was used to evaluate the appropriateness of the audit outcomes in order to facilitate the inclusion of its results in this report. The AGSA did not perform the audits of these major public entities. The audit engagement was the responsibility of the appointed audit firm. The quality of the audit outcomes is subject to the same review process as the AGSA's own audit outcomes, which is performed by the regulatory body for auditors.

2.2.1 Overview of audit outcomes

Figure 25: Outcomes of audits not conducted by the AGSA

Despite the audit outcomes reflected above, three entities reported concerns relating to their ability to continue as a going concern in the future. The reasons given include liabilities which exceed the fair value of assets, subordination of loans by the holding entity, material losses incurred, and the transfer of activities to another entity.

Table 3: Summary of key matters related to these audits

Auditee name	Irregular expenditure incurred	Fruitless and wasteful expenditure incurred	Material losses and impairment of assets	Findings on Predetermined objectives	Findings on compliance with laws and regulations
Air Traffic Navigation Services					
Alexkor Limited					
Broadband Infraco (Pty) Ltd					
Denel (Pty) Ltd					
ESKOM					
South African Airways					
South African Broadcasting Corporation					
South African Post Office Limited					
Transnet Limited					

The single highest amount relating to the above analysis is a R5,1 billion impairment of the assets of the South African Post Office.

PART A - AUDITS CONDUCTED BY THE AGSA

SECTION 3: OVERVIEW OF AUDIT OUTCOMES FOR 2009-10

3.1 Summary of audit outcomes

The tables below provide details of the 2009-10 audit outcomes of departments and public entities and reflect the status of completion of the audits as at 30 September 2010.

Table 4: Summary of audit outcome

Audit outcomes	Departments (including Parliament and the National Consolidation)		Public entities (including trading and constitutional institutions and other types of entities)	
	2009-10	2008-09	2009-10	2008-09
Opinion on financial statements:				
Disclaimer	0	0	3	7
Adverse	0	0	3	2
Qualified	12	13	17	22
Financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations	19	16	89	97
Financially unqualified with no findings on predetermined objectives or compliance with laws and regulations	4	6	110	89
Total number of audits reported on	35	35	222	217
Number of audits not yet finalised at 30 September 2010	0	0	3	1
Total number of audits	35	35	225	218
Public entities with findings arising from the AGSA's other legal reporting responsibilities:				
Predetermined objectives	25	22	93	89
Compliance with laws and regulations	25	21	104	68

The audit outcomes for the 2008-09 financial year have been updated in respect of the audits of 13 entities (one department and 12 public entities) which had not been completed at the cut-off date of the 2008-09 general report. One department (Water Affairs and Forestry) was financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations. Three public entities were disclaimed, two qualified and four financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations. The 2008-09 financial statements of the Third Parties Fund were still outstanding at the date of this report. Two public entities (Electronic Communication Security (Pty) Ltd – reason: secret and intelligence services and King George V Silver Jubilee Fund for Tuberculosis – reason: year-end of 30 June) are not included in this general report although reported on in the 2008-09 general report.

Status of completion of the audits

This report only provides details of audits completed as at 30 September 2010. Audits excluded from the analysis in this report are listed in the table below.

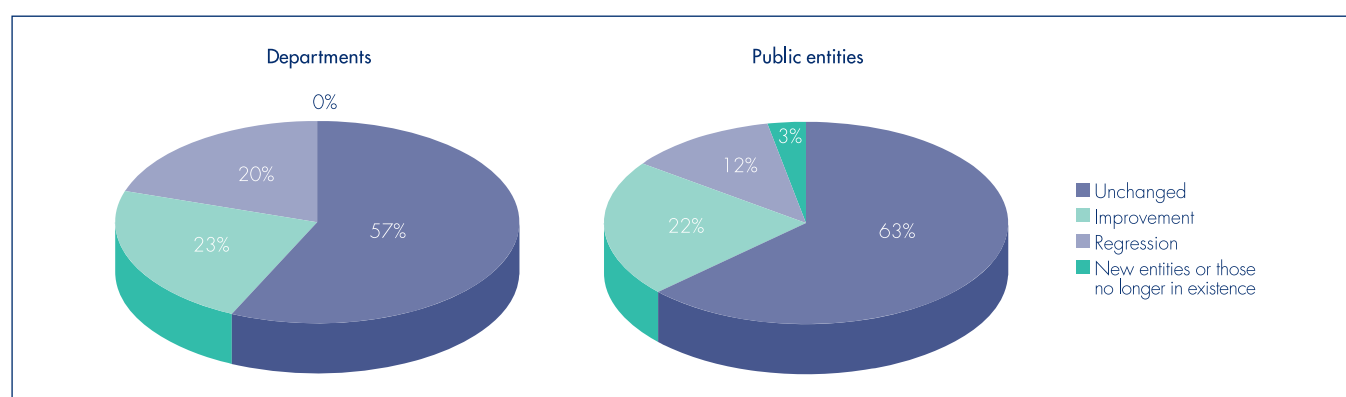


Table 5: Audits outstanding or finalised late

Entity not reported on	AFS received date	Reason not finalised	Date finalised
National Youth Commission	18 August 2010	The financial statements were submitted late for audit.	5 October 2010
Third Party Fund (former MIT)	31 May 2011	The financial information available is not reliable. The submission of financial statements will involve the submission of four years of financial statements.	Not yet determined
South African Social Security Agency	10 August 2010	The financial statements were submitted late for audit.	10 October 2010

Movements in audit outcomes

Movements in audit outcomes of the departments and public entities for the year under review are depicted below.

Figure 26: Movements in audit outcomes

The national portfolio has improved to a position where only three disclaimers and three adverse opinions were recorded for the 2009-10 financial year. This is further illustrated by the improvement in the ratio of the audit outcome categories qualified opinions (20%) and financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations (4%).

Departments

The departments had five audit outcomes that had improved from qualified to financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations, compared to four departments which had regressed to qualified opinions in the current financial year.

Table 6: Movements in audit outcomes – Departments

Number	Auditee	Disclaimer	Adverse	Qualified	Financially unqualified with findings on PDO and/or compliance	Financially unqualified with no findings on PDO and/or compliance
1	Agriculture, Forestry and Fisheries					
2	Arts and Culture					
3	Communications					
4	Cooperative Governance and Traditional Affairs					
5	Correctional Services					
6	Defence					
7	Education					
8	Environmental Affairs and Tourism					
9	Government Communication and Information System					
10	Health					
11	Home Affairs					
12	Human Settlements					
13	Independent Complaints Directorate					
14	International Relations and Co-operation					
15	Justice and Constitutional Development					
16	Labour					
17	Minerals and Energy					
18	National Treasury					
19	National Treasury Consolidation					
20	Police					
21	Public Admin and Leadership Management Academy					
22	Public Enterprises					
23	Public Service and Administration					
24	Public Service Commission					
25	Public Works					
26	Rural Development and Land Reform					
27	Science and Technology					
28	Social Development					
29	Sport and Recreation					
30	Statistics South Africa					
31	The Parliament					
32	The Presidency					
33	Trade and Industry					
34	Transport					
35	Water Affairs and Forestry					

Improvements Unchanged Regressed



Public entities

There was an improvement of 43% in the overall audit outcomes for public entities for the national portfolio, with the disclaimed and adverse audit opinions decreasing from nine last year to six this year. The public entities also recorded an increase in the number of audit reports that were financially unqualified with no findings on predetermined objectives and compliance with laws and regulations from 89 in 2008-09 to 110 in 2009-10 (19% improvement). Sixty-eight public entities' audit outcomes have remained unchanged in this category.

The following table provides a summary and movements of the audit outcomes of the public entities that were either qualified or subject to an adverse or disclaimer of opinion. For the full list of entities please refer to annexure 1.

Table 7: Movement in audit outcomes – Public entities

Number	Auditee	Audit outcome 2009-10		
		Disclaimer	Adverse	Qualified
1	CCOD (Mines & Works)			
2	Compensation Fund			
3	Cross-Border Road Transport Agency			
4	Die Afrikaanse Taalmuseum: Paarl			
5	Energy Seta (ESETA)			
6	Independent Electoral Commission			
7	Ingonyama Trust Board			
8	National Arts Council of South Africa			
9	National Prosecuting Authority			
10	National Student Financial Aid Scheme			
11	The Office of the Pension Funds Adjudicator			
12	Performing Arts Centre of the Free State			
13	Performing Arts Centre of the Free State trading as MACUFE			
14	Private Security Industry Regulatory Authority			
15	Property Management Trading Entity			
16	Public Sector Seta (PSETA)			
17	Road Traffic Management Corporation			
18	Robben Island Museum			
19	SAMAF			
20	Sheltered Employment Factories			
21	The Commission on Gender Equality			
22	The Independent Communication Authority SA (ICASA)			
23	Water Trading Account			

Improvements Unchanged Regressed

Common issues that form the basis for qualified/adverse/disclaimed opinions on the financial statements

Figure 27: Financial statement areas qualified – Departments

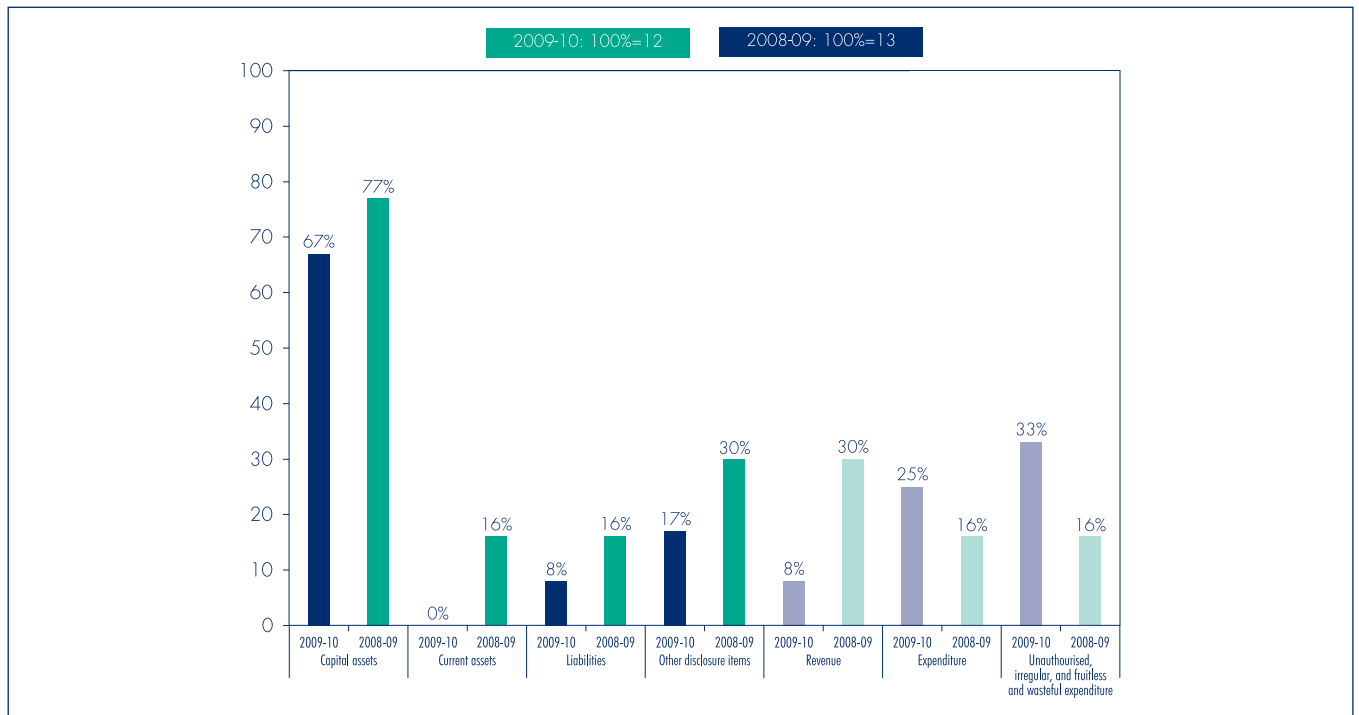
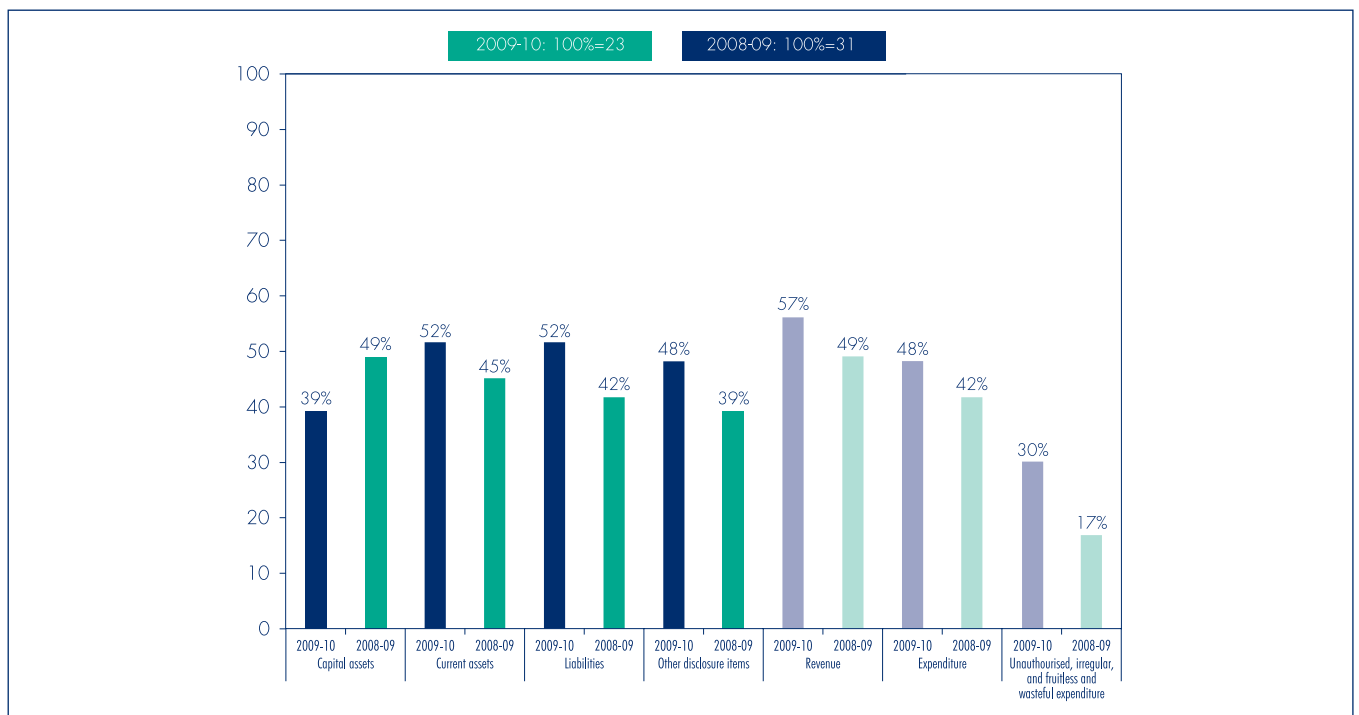


Figure 28: Financial statement areas qualified – Public entities



The financial statement qualification areas where findings are greater than 35%, calculated as a percentage of the total number of departments and public entities that received a qualification in that area, are as follows (see annexure 1 for details of the entities impacted).

Capital assets: Departments and public entities (49%)

Eight departments and nine public entities were qualified in the area of movable and immovable assets. Departments did not maintain complete asset registers supported by relevant documentation. The inadequacy of fixed asset registers led to a limitation of scope of the audit on capital assets. The requirements of the National Treasury Department Reporting Framework for departments and the South African Standards of Generally Recognised Accounting Practice 17 for public entities with regard to recognition, assessment of useful lives of assets, impairment considerations and depreciation were not complied with. Difficulties were also encountered in the verification of state immovable property required to be accounted for by national departments.

Liabilities: Departments and public entities (37%)

One department and 12 public entities were qualified on liabilities. The qualifications stemmed from inadequate systems of control being in place as well as a lack of oversight responsibility with regard to liabilities. This was further compounded by the inadequacy of control over supporting documentation to verify the completeness of payables and other liabilities. The measurement criteria after initial recognition of liabilities were not correctly applied in accordance with the financial frameworks. Problems were also encountered in the calculation of the accrual for leave pay.

Revenue: Departments and public entities (40%)

One department and 13 public entities were qualified on revenue. The qualifications were due to a lack of supporting documentation, resulting in insufficient supporting evidence being available to verify the completeness and accuracy of revenue.

Expenditure: Departments and public entities (40%)

Three departments and 11 public entities were qualified on expenditure. The qualifications were as a result of a lack of supporting documentation being available to verify the occurrence of expenditure.

Difficulties were encountered at public entities with the straight-lining of leases as per SA Standards of GRAP 13: Leases affecting expenditure and the related lease liability. Costs relating to the production of goods were incorrectly classified as operating expenditure. Similarly, capital expenditure was found to be incorrectly classified as operating expenditure.

The measurement criteria after initial recognition of liabilities and receivables at departments and public entities were not correctly accounted for in accordance with the financial frameworks which also affected the related expenditure balances.

Other disclosure items: Departments and public entities (37%)

Two departments and 11 public entities were qualified on other disclosure items. The qualifications were as a result of the following:

- Insufficient supporting audit evidence available to verify contingencies and commitments disclosed.
- Amounts as per disclosure notes to the financials did not agree to the statement of financial position, statement of financial performance, changes in net assets and cash flow statement.
- Incomplete disclosure of irregular expenditure.
- Misstatements identified in the preparation of cash flow statements resulted in inaccuracies in the cash flow reconciliations.
- Inability to obtain sufficient audit evidence to support balances due to misstatements in opening balance not corrected.
- Inadequate disclosure of related parties as required by South African Statements of Generally Acceptable Accounting Practice (SA Statements of GAAP) and International Accounting Statements 24, *Related-party Disclosure*.

Funding of operations/financial sustainability/going concern

The concerns raised with regard to funding of operations, financial sustainability and going concern indicate a material uncertainty that casts significant doubt on these entities' ability to continue as a going concern. They may therefore be unable to realise their assets and discharge their liabilities in the normal course of operations.

Funding from National Treasury might be required to assist these entities to continue operating effectively. Concerns regarding the funding of operations have been identified at the entities listed below. These entities reported net losses and in most instances accumulated deficits as well as liabilities that exceeded their assets.

The table below depicts the entities where concerns were raised with regard to funding of operations, financial sustainability and going concern.

Table 8: Auditees with concerns related to funding of operations/financial sustainability/going concern

No.	Public entity	Entity type	Reasons for financial sustainability concerns	Parent department
1	The Commission on Gender Equality	Constitutional Institution	Net loss of R2,5 million; current liabilities exceed total assets by R2 million.	Justice and Constitutional Institutions
2	The Public Protector of South Africa	Constitutional Institution	Net loss of R6,3 million; current liabilities exceed total assets by R1,9 million.	Justice and Constitutional Institutions
3	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	Constitutional Institution	Net loss of R3,4 million; current liabilities exceed total assets by R1,1 million.	Cooperative Governance and Traditional Affairs
4	Sportsrand (Pty)Ltd	Schedule 2/subsidiary	Current liabilities exceed total assets; however, a subordination agreement was signed with the holding company.	Defence
5	Erasmusrand Eiendomme (Pty) Ltd	Schedule 2/subsidiary	Current liabilities exceed total assets; however, a subordination agreement was signed with the holding company.	Defence
6	ETA Energy (Pty) Ltd (CEF)	Schedule 2/subsidiary	Net loss of R7,2 million; current liabilities exceed total assets by R3,7 million.	Energy
7	Tourism & Hospitality SETA (THETA)	Schedule 3A/subsidiary	Net loss of R17,5 million; current liabilities exceed total assets by R7,7 million; entity overcommitted by R19,2 million.	Higher Education and Training
8	Road Accident Fund	Schedule 3A/subsidiary	Net loss of R2,5 billion; total liabilities exceed total assets by R42,3 billion.	Transport
9	National Museum: Bloemfontein	Schedule 3A/subsidiary	Net loss of R4,6 million; total liabilities exceed total assets by R6,4 million.	Arts and Culture
10	Boxing South Africa	Schedule 3A/subsidiary	Total liabilities exceed total assets by R3,7 million.	Sport and Recreation South Africa
11	Road Traffic Management Corporation	Schedule 3A/subsidiary	Net loss of R88 million; current liabilities exceed total assets by R134 million.	Transport
12	National Youth Commission	Schedule 3A/subsidiary	Assets and liabilities (as well rights and obligations thereto) of the National Youth Commission were transferred to the National Youth Development Agency on 01 October 2009. This effectively dissolved the National Youth Commission as at that date.	The Presidency
13	Passenger Rail Agency South Africa	Schedule 3B/subsidiary	Net loss of R1,1 million; current liabilities exceed total assets by R2,7 million.	Transport

Unauthorised, irregular, and fruitless and wasteful expenditure incurred during the year

The figures below depict the unauthorised and fruitless and wasteful expenditure incurred by departments and public entities for the financial year ended 31 March 2010.

Unauthorised expenditure – R362,4 million

Definition - Unauthorised expenditure – (i) overspending of a vote or a main division within a vote and (ii) expenditure that is not in accordance with the purpose of a vote or main division.

The Department of Transport is the only one of 35 (3%) national departments that incurred unauthorised expenditure for the 2009-10 financial cycle.

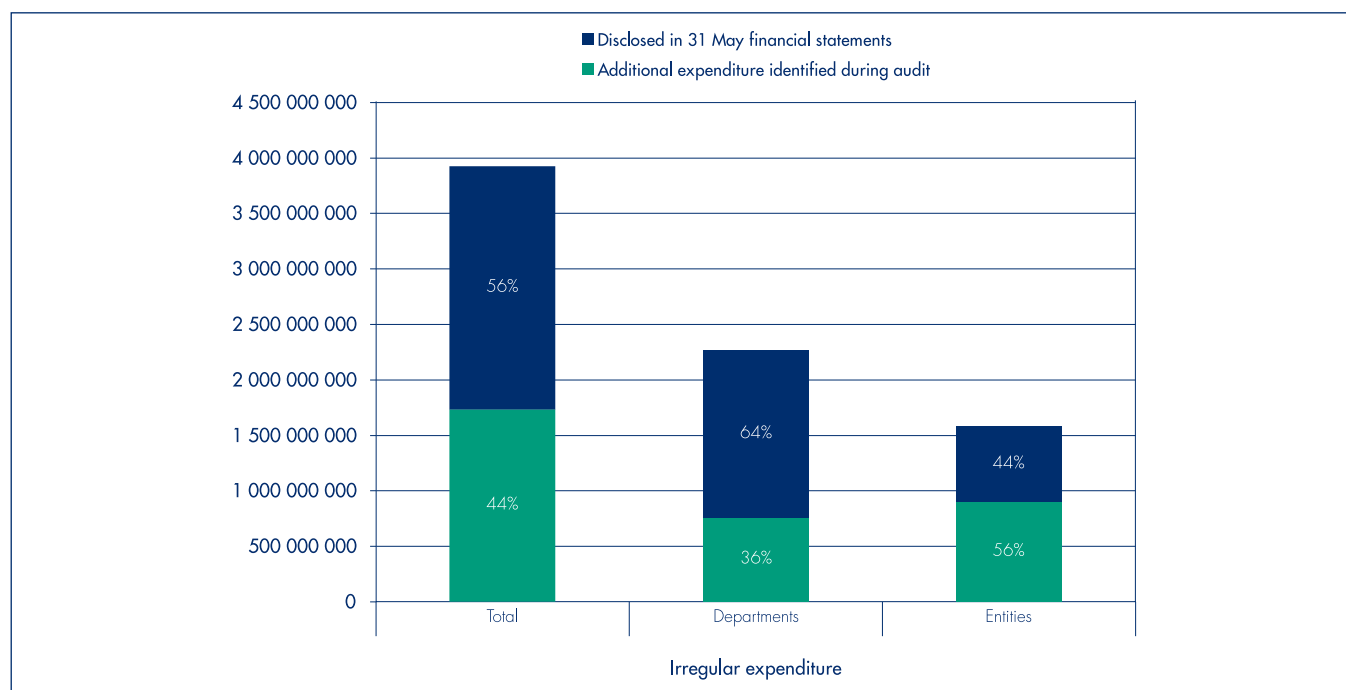
The cause for this unauthorised expenditure was overspending on the bus subsidies. The national department was issued with court orders by the bus operators in the 2008-09 financial year due to failure by the provincial

departments to make the necessary payments. The national department made the final payment in the 2009-10 financial year, hence recording of the unauthorised expenditure in the current financial year. Corrective action was taken in that the national bus subsidy budget has been moved to the conditional grants under the DoRA from the 2009-10 financial year. This will enable better management and controlled expenditure on bus subsidies, eliminating any overexpenditure on this programme. A further initiative was undertaken to convert the interim contracts from ticket-based claims to kilometre-based claims and to develop an equitable formula for future allocation of subsidies to all provinces.

Irregular expenditure – R3,9 billion

Definition - Irregular expenditure – expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including the PFMA, the State Tender Board Act and any provincial legislation providing for procurement procedures in that provincial department.

Figure 29: Irregular expenditure disclosed and additional expenditure identified during the audit



The irregular expenditure has been categorised according to the underlying cause. These categories are supply chain management, compensation of employees and other.

Table 9: Irregular expenditure

Type of auditee	Nature and extent of irregular expenditure											
	Supply chain management related			Compensation of employees related			Other			Total		
	Number	%	R'000	Number	%	R'000	Number	%	R'000	Number	%	R'000
Departments	20	57%	1,030,435	4	11%	862,525	8	23%	412,514	24	69%	2,305,473
Public entities	53	24%	1,427,455	4	2%	86,373	14	6%	76,023	61	27%	1,589,852
Total	73	28%	2,457,889	8	3%	948,898	22	9%	488,537	85	33%	3,895,325

The table below shows the five departments and public entities which incurred the highest percentage of irregular expenditure compared to the total and provides a breakdown of the irregular expenditure for these five entities.

Table 10: Irregular expenditure - Departments

No.	Auditee	Supply chain management related	Compensation of employees related	Irregular expenditure - other	Total for department	% of total
1	Defence	141,845,000	858,872,000	157,000	1,000,874,000	43%
2	Justice & Constitutional Development	778,971,777	-	26,415,534	805,387,311	35%
3	Home Affairs	-	-	321,640,000	321,640,000	14%
4	Arts & Culture	-	-	60,771,000	60,771,000	3%
5	Public Works	27,402,000	-	-	27,402,000	1%
	Other 19 departments	82,215,825	3,652,810	3,530,167	89,398,802	4%
Total for all departments		1,030,434,602	862,524,810	412,513,701	2,305,473,114	100%

Table 11: Irregular expenditure - Public entities

No.	Auditee	Supply chain management related	Compensation of employees related	Irregular expenditure - other	Total for entity	% of total
1	Road Traffic Management Corporation	360,879,704	-	-	360,879,704	23%
2	National Prosecuting Authority	190,217,000	83,028,000	-	273,245,000	17%
3	Property Management Trading Entity	264,180,000	-	-	264,180,000	17%
4	State Information Technology Agency	214,906,769	-	-	214,906,769	14%
5	CIPRO	95,830,616	-	-	95,830,616	6%
	Other 56 public entities	301,440,576	3,345,499	76,023,389	380,809,464	24%
Total for all entities		1,427,454,665	86,373,499	76,023,389	1,589,851,553	100%

For details of irregular expenditure incurred at specific departments and public entities refer to annexures 4(a) and 4(b) respectively.

Fruitless and wasteful expenditure – R143,6 million

Definition - Fruitless and wasteful expenditure – expenditure which was made in vain and would have been avoided had reasonable care been exercised.



Departments

The table below lists the top five departments and top five public entities that incurred the highest amounts of fruitless and wasteful expenditure. For details of all departments and the amounts at each entity refer to annexure 4(c).

Table 12: Fruitless and wasteful expenditure - Departments

No.	Auditee	Fruitless and wasteful Amount (R million)	% of total
1	Agriculture, Forestry and Fisheries	12,2	44%
2	Defence	6,1	22%
3	Rural Development & Land Reform	3,3	12%
4	Sport & Recreation	2,2	8%
5	Justice & Constitutional Development	2,0	7%
	Other 8 departments	1,8	7%
Total for departments		27,6	100%

Table 13: Fruitless and wasteful expenditure - Public entities

No.	Auditee	Fruitless and wasteful Amount (R million)	% of total
1	Road Accident Fund	23,2	20%
2	Road Traffic Management Corporation	17,5	15%
3	The Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (PetroSA) (CEF)	15,2	13%
4	SFF Association (CEF)	10,5	9%
5	National Home Builders Registration Council	8,9	8%
	Other 53 public entities	41	35%
Total for public entities		116	100%

The main causes of fruitless and wasteful expenditure were:

- Penalties and interest on late payments to creditors
- Services/goods paid for but not used and related cancellation fees
- Duplicate payments to suppliers not recovered

Material losses, material impairment of assets and material underspending of the vote/conditional grant

The tables below depict the five departments and public entities that incurred the highest amounts of material losses and impairment of assets. For details of material losses and material impairment of assets refer to annexure 4.



Table 14: Material losses and material impairments – Departments

No.	Auditee	Material losses Amount (R million)	Reason
1	Rural Development & Land Reform	53,3	Material losses due to fraudulent activities
2	Home Affairs	26	Material adjustment to capital assets not verified
3	Statistics South Africa	12,2	Material losses due to damages to government and hired vehicles
4	Correctional Services	9,2	Material loss in state vehicles
5	The Presidency	5,8	Material loss due to asset write-offs
	Other two departments	0,6	
Total for all departments		107,1	

The material impairment of assets amounting to R2,6 million by Trade and Industry resulted from an incentive scheme debt being written off.

Table 15: Material losses and material impairments - Public entities

No.	Auditee	Material losses Amount (R million)	Reason	Material impairment of assets Amount (R million)	Reason
1	The Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (PetroSA) (CEF)	-		1,486	Impairment due to recoverability of loan amount being doubtful
2	Water Trading Account	115,2	Losses due to bad debts written off	447	Assets unable to functionally perform as contemplated when they were designed
3	Private Security Industry Regulatory Authority	209	Material impairment of debtors	-	
4	SA Gas Development Company (Pty) Ltd (iGas) (CEF)	-		66	Impairment due to fair value adjustment to investment
5	National Youth Development Agency	-		54	Impairment due to recoverability of loan amount being doubtful
	Other 21 public entities	91,5		72,6	
Total for all entities		415,7		2 125,6	

Material underspending of the vote and underspending of conditional grants

Material underspending of votes occurred at the five departments depicted in the table below:

Table 16: Material underspending of the vote – Departments

No.	Department	Budget Amount (R million)	Material underspending of vote Amount (R million)	% underspent
1	Statistics South Africa	1,715	159	9,29%
2	Independent Complaints Directorate	115	10	9,05%
3	Department of Minerals and Energy	4,647	123	2,65%
4	Department of Trade and Industry	6,344	164	2,59%
5	Department of Health	17,058	402	2,36%
Total for all departments		29,880	859	2,88%



The impact of underspending on service delivery and performance against predetermined objectives is as follows:

- Department of Health – Objectives not achieved for the Hospital Revitalisation Conditional Grant.
- Department of Trade and Industry – Objectives were not achieved for programme 3: Empowerment and Enterprise Development.
- Statistics South Africa – Programme 3: Objectives were not achieved for Population and Social Statistics. This is due to a change in methodology from conventional fieldwork to an integrated fieldwork strategy which resulted in the delay of the census pilot by 12 months.
- Department of Minerals and Energy – Objectives were not achieved for programme 7: Associated Services.
- Independent Complaints Directorate – Objectives were not achieved for programme 3: Information Management and Research.

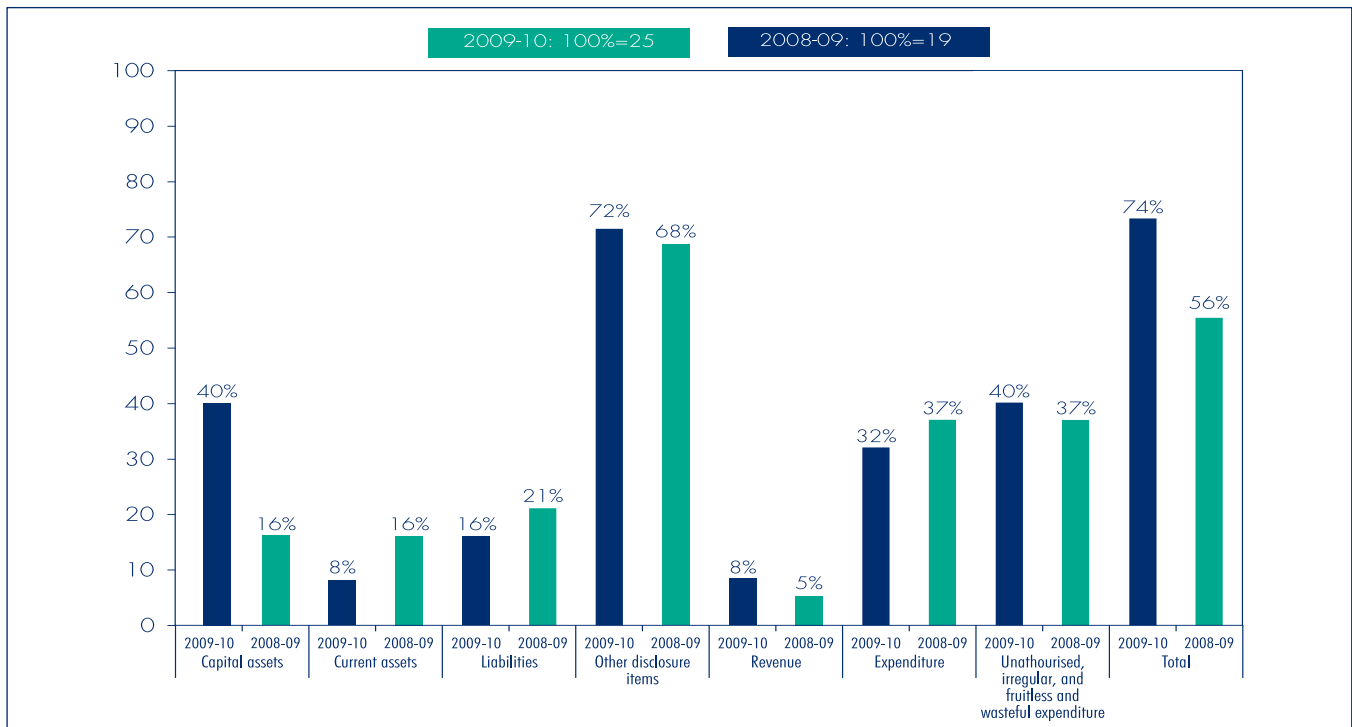
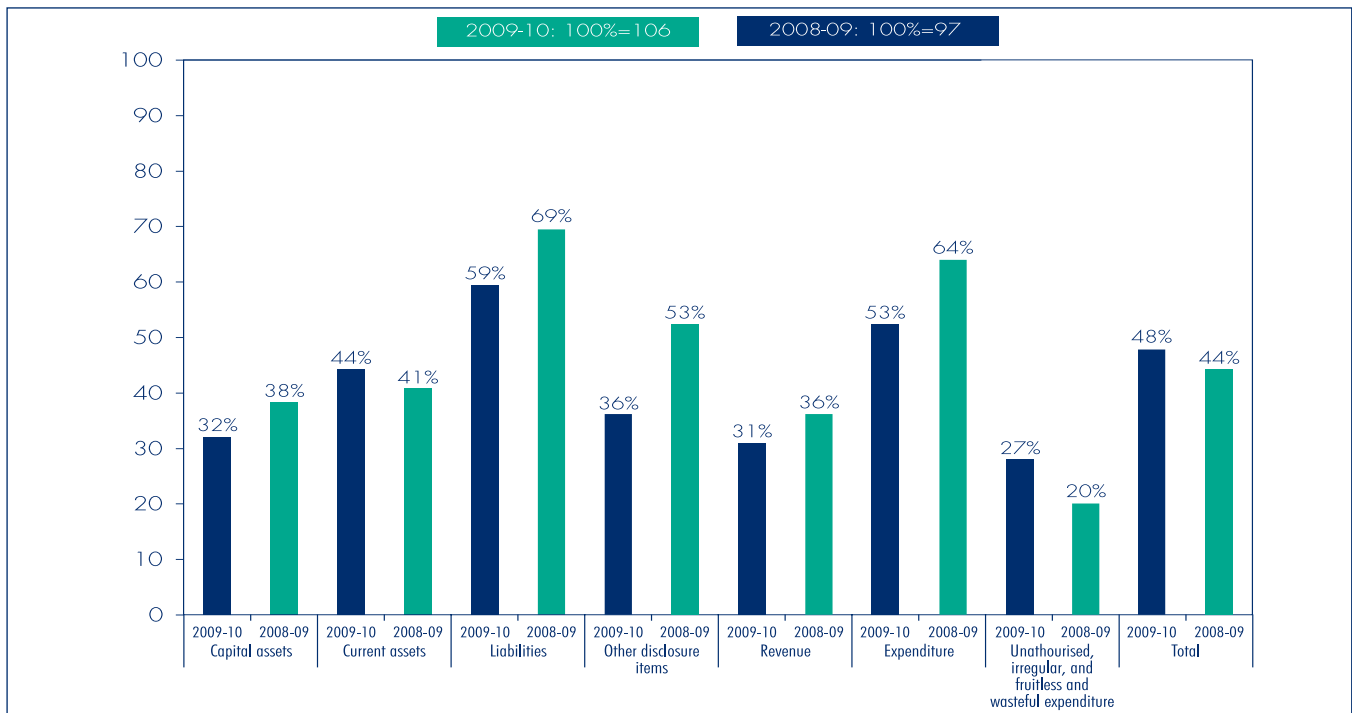
One public entity, namely Mine Health and Safety Council, materially underspent its conditional grant by R23,9 million.

Transversal material misstatements corrected during the audit

Many of the financial statements of departments and public entities submitted for auditing on 31 May were subject to correction in respect of material misstatements identified during the audit process. These material misstatements also constitute non-compliance with the PFMA as internal controls should have been implemented to ensure that the financial statements submitted for audit fairly presented the financial results. If these material misstatements had not been corrected they would have resulted in qualifications of the auditor's reports, which in turn would have impacted negatively on the audit outcomes.

As indicated in the graphs below, although the number of qualified audit outcomes on departments and public entities have decreased from the prior year the quality of the financial statements submitted for auditing is still not adequate based on the increase in the material misstatements corrected.

The most common reasons for material misstatements corrected related to the system not being adequate to assist proper financial reporting. Furthermore, the entities did not have competent individuals who understand the financial reporting framework and performance management requirements to perform proper reviews prior to the submission of the financial statements.

Figure 30: Material misstatements corrected - Departments**Figure 31: Material misstatements corrected - Public entities**

3.2 Findings on reporting on predetermined objectives

The objective of an audit of performance information is to enable the auditor to conclude whether the reported performance against predetermined objectives is reliable, accurate and complete, in all material respects, based on predetermined criteria.

All departments and public entities that receive funds for a public purpose have to report on their performance against predetermined objectives and are required to submit their annual performance reports for auditing, together with the annual financial statements.

The figures in the table refer to those departments and public entities that had findings on the reporting on performance against predetermined objectives, calculated as a percentage of the total number of entities audited. The comparatives (2008-09) have been restated to include audits finalised since the previous general report was issued.

Table 17: Summary of findings on reporting on predetermined objectives

Category of finding	Departments (including Parliament and the National Consolidation)		Public entities (including trading and constitutional institutions and other types of entities)	
	2009-10	2008-09	2009-10	2008-09
Non-compliance with regulatory requirements	56%	44%	22%	29%
Information on performance against predetermined objectives not useful	53%	47%	30%	19%
Information on performance against predetermined objectives not reliable	29%	44%	18%	15%
Information on performance against predetermined objectives not submitted for audit by 31 May 2010	3%	6%	2%	2%
Total number of audits with findings	25	22	93	89
Number of audits with no findings 2009-10	10		114	
Number of audits not finalised at 30 September 2010	0		3	
Number of audits where the report on predetermined objectives is not applicable*	1		15	
Total number of audits 2009-10	35		225	

* Predetermined objectives are not applicable to the National Consolidation. Reporting on predetermined objectives (PDO) is not applicable to 15 public entities because these entities are dormant or report their predetermined objectives in the annual report of another entity.

Explanation of the various audit finding categories

Non-compliance with regulatory requirements

Findings related to compliance with predetermined objectives regulations were raised at 19 of the 34 departments reported on and at 47 of the 207 public entities reported on.



Findings relate mainly to the inadequate content of the strategic plans, which did not include measurable objectives, indicators and targets for all programmes, the lack of effective, efficient and transparent systems and internal controls regarding performance management and a lack of or inadequate quarterly reporting on performance information.

Usefulness of information on performance against predetermined objectives

The audit in terms of usefulness focused on the consistency, relevance and measurability of planned and reported performance information. Findings were raised on the usefulness of performance information at 18 of the 34 departments reported on and at 62 of the 207 public entities reported on.

The findings mainly relate to the fact that targets and indicators reported on are not consistent with targets and indicators as set in the strategic/corporate/business plans of the departments and public entities, as well as to targets which are not specific, measurable and time bound.

Reported information on performance against predetermined objectives not reliable

The audit focused on whether the reported performance information could be traced back to the source data or documentation and whether the reported information is accurate, complete and consistent in relation to the source data, evidence or documentation. In the case of 10 out of 34 departments and 38 out of 207 public entities, deviations were noted in terms of the reliability of the reported performance information.

Findings related to a lack of sufficient appropriate audit evidence in relation to the reported performance information, a lack of appropriate systems generating performance information and the source information or evidence provided to support the reported performance information which did not adequately support the accuracy and completeness of the facts throughout.

The details of departments and public entities with findings are listed in annexure 1.

3.3 Findings on compliance with laws and regulations

Table 18: Summary of findings on compliance with laws and regulations

Top five categories of non-compliance	Number	Percentage
Departments (including Parliament)		
SCM issues that resulted in irregular expenditure	18	53%
Payments of expenditure not made within 30 days	15	44%
Human resource management	11	32%
General, fiduciary and reporting responsibilities of accounting officers and internal audit not effectively fulfilled throughout the year	7	21%
Transversal material misstatements corrected	25	74%
Public entities (including trading and constitutional institutions and other types of entities)		
SCM issues that resulted in irregular expenditure	53	24%
General/fiduciary and reporting responsibilities	22	10%

Top five categories of non-compliance	Number	Percentage
Internal audit	21	9%
Audit committee and strategic/corporate plans	19	9%
Transversal material misstatements corrected	106	48%

In total, 25 out of 35 departments, and 104 out of 222 public entities had findings on compliance with laws and regulations.

The table above indicates the top five categories on non-compliance with the PFMA and also issues relating to HR management, supply chain management and where the financial statements submitted for audit were materially misstated and had to be corrected as a result of the audit.

The compliance findings for departments are analysed in annexure 3A and the compliance findings for public entities are analysed in annexure 3B.

3.4 Information technology systems matters

Overall overview

The public sector departments and public entities are heavily reliant on IT systems to perform their statutory financial management, reporting and administrative functions. Furthermore, these systems enable the automation of business processes and transaction processing, which contributes to effective internal control at departments and entities. The information processed and stored on IT systems is therefore regarded as a strategic asset that is vital to the accuracy and reliability of the financial and performance information used by management during the planning, monitoring and reporting phases.

IT general controls are those controls that relate to the IT infrastructure and are imbedded in information system's management processes. The following focus areas were included in the scope of the audits:

- IT governance
- Security management
- User access control
- IT service continuity

IT general control audits were performed at 28 national departments and 50 entities. The following table indicates the prevalence of common focus area findings in departments and entities:

Table 19: Transversal information systems findings

Focus area findings	Percentage of audited departments with finding	Percentage of audited public entities with finding
IT governance	82%	56%
Security management	93%	84%
User access control	93%	86%
IT service continuity	82%	58%



Annexure 5 lists the departments and public entities where the IT general controls were tested.

IT governance

IT governance is the responsibility of executive management. It is an integral part of organisational governance and consists of the leadership, organisational structures and processes that ensure that the organisation's IT resources would sustain its strategies and objectives. IT governance allows the organisation to manage IT risks and derive value from IT investments and it supports the achievement of business objectives that are dependent on IT systems. An IT control framework is an essential part of IT governance as it provides overall guidance on the implementation of IT governance within the organisation and ensures the positioning of IT, resource requirements, risk and internal control management. The Office of the Government Chief Information Officer (OGCIO) was set up within the DPSA to provide e-government leadership and coordination and to assist the ministers in fulfilling their mandates to ensure that the IT systems of government are effective, efficient, interoperable and secure and that the Public Service Act and Public Service Regulations are adhered to.

Transversal governance findings

There is no prescribed government-wide IT governance framework to give due consideration to the risks, as well as the processes and controls required to ensure IT value and improved service delivery. Twenty-nine departments failed to submit their IT plans in time to the DPSA. Audit findings regarding IT governance were raised at 23 (82%) departments and 28 (56%) entities.

Key audit findings that were commonly identified:

- Approved IT strategic plan/IT strategic plan not implemented or not monitored
- IT steering committee either not established or not functioning effectively
- Lack of formal IT risk register
- Policies and procedures either not in place or incomplete
- Functions of the information security officer either not allocated or not performed
- Service level agreements either not in place or not monitored

The eight departments that did not have a permanent government information technology officer:

- Agriculture
- Arts and Culture
- Health
- International Relations and Cooperation
- Labour
- Minerals and Energy
- Public Administration Leadership and Management Academy
- Public Enterprises
- Science and Technology

Security management

SITA is responsible for ensuring that security measures are in place to prevent unauthorised access to the departmental network and operating systems that grant access to the application systems (e.g. BAS, Persal, Logis). In instances where SITA controls are inadequate, departments should have compensating controls at network and operating system level to prevent unauthorised access.

At SITA the network security configuration that detects and prevents unauthorised access to departments' systems was not adequately designed and the change management process for the wide area network was not adequate. Departments and entities also employ a range of computer systems that are supported by their own IT departments and not by the National Treasury or SITA.

Audit findings were raised at 26 departments and 42 entities regarding security management:

Key audit findings that were commonly identified:

- Operating system standards and procedures not implemented
- Security management and administration inadequate to ensure the security of the network environment
- Operating system security parameters not adequately set to provide optimal security
- Excessive number of users with administrator access rights
- Access and logon violation reports not reviewed

Specialist skills are needed to implement and manage these security functions and on a departmental level these controls were not strong enough due to the lack of adequate skills as well as the lack of communication regarding roles and responsibilities between SITA and departments.

User access control

User access control is the systematic process of managing the access of users to the application (e.g. BAS, Persal, Logis, etc.). The process includes the creation, review, disabling and removal of user accounts.

Audit findings regarding user access controls were raised at 26 departments and 43 entities.

Key audit findings that were commonly identified:

- Lack of or incomplete user account management procedures
- Access request forms not completed
- Users' access not reviewed to ensure that it remained commensurate with their job responsibilities
- Activities of the system administrators or controllers not monitored
- Inactive or unused user identifications not timeously removed from the system or not deactivated
- Excessive access rights assigned to some or a high number of users

IT service continuity

IT service continuity is the process of managing the availability of hardware, system software, application software and data to enable an organisation to recover/re-establish information systems services in the event of a disaster. The process includes business continuity planning, disaster recovery plans and backups.

Audit findings regarding IT service continuity were raised at 23 departments and 29 entities.

Key audit findings that were commonly identified:

- Lack of formally documented and approved or incomplete business continuity and/or disaster recovery plans
- Lack of or inadequate backup standards and procedures
- Disaster recovery plans not fully implemented or not regularly tested and updated
- Backups not kept off site

Transversal systems

The BAS, Persal and Logis transversal systems are key information systems that are centrally supported by the National Treasury and used by and relied upon by departments. SITA provides important computer networking infrastructure and data storage and retrieval services in this regard. An effective control environment for the transversal systems is therefore crucial as large amounts of critical financial data and transactions are recorded and processed on these systems. The following findings that have a transversal impact on the above-mentioned systems were identified:

- Inadequate change management controls to ensure that only authorised and valid changes would be effected to data, tables and programs that generate the financial statements (National Treasury)
- Inadequate network security controls to detect and prevent unauthorised access to the application systems that generate financial statements (SITA)
- Inadequate disaster recovery process to ensure the availability of financial information in instances of data loss, or disaster recovery process not fully implemented (SITA)
- Government-wide IT plan not established to ensure that IT goals would be aligned with business requirements and that the 2009-10 IT expenditure of R15,4 billion would be optimally utilised (DPSA).

Ineffective information systems controls might contribute to financial management weaknesses, inaccurate financial and performance information and poor performance. Furthermore, weak information systems controls allow the systems to be used to perpetrate fraud.

Change control

The National Treasury is the custodian of the transversal systems. As a result, changes to be effected to BAS, Persal and Logis are approved, implemented and tested by the National Treasury and rolled out to departments. In instances where there are deficiencies in change controls, compensating controls are implemented at departments and tested during the audit process.

Progress on the Integrated Financial Management System (IFMS)

The IFMS development was initiated in 2003 and Cabinet approved the project in 2005. Only the asset register module has been completed to date. This module is currently being tested at the following lead sites:

- National Treasury
- Three national departments
- Limpopo Provincial Treasury

Other modules, such as supply chain management and human resources, are still in the development phase.

3.5 Investigations and performance audits

The following investigations were finalised or were in progress at the time of finalising the audit reports on the individual departments and public entities. **These investigations were not necessarily performed by the AGSA but assessed as material for purposes of inclusion in the auditor's report.** These investigations are indicators of risks that internal controls that may either not be functioning or are being overridden. It is important that those charged with governance pay attention to addressing the internal control deficiencies that are indicated by the results of the investigations.

Table 20: Investigations - Departments

Name	Supply chain management	Fraud	Financial misconduct
Home Affairs			
Social Development			
Sport and Recreation South Africa			
Correctional Services			
Rural Development and Land Reform			
Agriculture, Fisheries And Forestry			
Minerals and Energy			
Labour			
National Treasury			
Public Works			
Cooperative Governance and Traditional Affairs			
Water Affairs			

Table 21: Investigations - Public entities

Name	Supply chain management	Fraud	Financial misconduct
Central Energy Fund (Ltd) Pty			
The Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (PetroSA)			
Electoral Commission			

Name	Supply chain management	Fraud	Financial misconduct
State Information Technology Agency			
Agricultural Research Council			
The Deeds Registration Trading Account			
Banking Sector Education And Training Authority (Bankseta)			
Media Advertising Publishing Printing Packaging Sector Education And Training Authority (Mappp-Seta)			
Transport Sector Education And Training Authority (Teta)			
Commission For Conciliation, Mediation And Arbitration (CCMA)			
Mining Qualifications Authority (MQA)			
Safety And Security Sector Education And Training Authority (Sassetta)			
Compensation Fund			
National Skills Fund			
Tourism, Hospitality And Sport Education Training Authority (Theta)			
Public Service Sector Education And Training Authority			
Financial Intelligence Centre			
SA Civil Aviation Authority			
Passenger Rail Agency Of South Africa			
Land And Agricultural Development Bank Of Southern Africa			
South African Maritime Safety Authority			
Road Traffic Management Corporation			
Municipal Demarcation Board			
The Commission on Gender Equality			
National Prosecuting Authority			
South African Local Government Association			
Companies and Intellectual Property Registration Office (CIPRO)			

SECTION 4: DRIVERS OF AUDIT OUTCOMES

The drivers of audit outcomes are analysed under the three fundamentals of internal control. These controls are three dimensional and should address financial, performance and compliance matters.

The reported internal control deficiencies can be directly linked to basis for the qualification/adverse/disclaimer of opinion on the financial statements, the findings on predetermined objectives and compliance with applicable laws and regulations.

Departments and public entities that showed improvements in the audit outcomes can attribute these improvements to the implementation and effective monitoring of the three fundamentals of internal control. Refer to annexure 2 for a detailed list of drivers of the 2009-10 audit outcomes

4.1 Analysis of drivers of audit outcomes

An outline of drivers of audit outcomes is presented below the analysis of the presence/absence of the key controls represented.

Table 22: Drivers of audit outcome – Leadership

Driver no. 1: Leadership	Auditees that have improved/ maintained previous good practice		Auditees where improvements are required	
	Departments	Public entities	Departments	Public entities
1. Provision of adequately skilled resources capable of implementing the financial reporting framework and performance management requirements, as well as adequate evaluation of the performance of existing staff : • Financial statements • Predetermined objectives	17	176	18	46
	20	167	15	54
2. Ensuring that proper actions are taken to address audit findings, that key controls are implemented to mitigate risk of misstatement of financial statements and that predetermined objectives are reported on: • Financial statements • Predetermined objectives	14	150	21	72
	16	136	20	85
3. Leadership's implementation of action plans to address user access control deficiencies (information systems)	8	9	20	42



Table 23: Drivers of audit outcome – Financial and performance management

Driver no. 2: Financial and performance management	Auditees that have improved/ maintained previous good practice		Auditees where improvements are required	
	Departments	Public entities	Departments	Public entities
1. Appropriate systems are in place to support the preparation of financial statements and performance reports: • Financial statements • Predetermined objectives	15	172	20	50
	15	150	20	71
2. Review of the financial statements and other information by management for completeness and accuracy prior to submission for audit: • Financial statements • Predetermined objectives	13	139	22	83
	16	147	19	74
3. Proper record keeping and management, ensuring that supporting documents are properly filed and easily retrievable: • Financial statements • Predetermined objectives	17	189	18	33
	18	170	17	51
4. Application systems susceptible to compromised data integrity (information systems) • User access control • Security management • Business continuity	2	7	26	43
	2	8	26	42
	4	21	23	29

Table 24: Drivers of audit outcome – Governance

Driver no. 3: Governance	Auditees that have improved/ maintained previous good practice		Auditees where improvements are required	
	Departments	Public entities	Departments	Public entities
1. Maintaining effective risk assessments and strategies, including fraud prevention plans, to address identified weaknesses: • Financial statements • Predetermined objectives	23	185	12	37
	27	182	8	39
2. Ensuring effective internal audit functions that monitor the adequacy and implementation of internal control: • Financial statements • Predetermined objectives	26	197	9	25
	27	185	8	36
3. Establishment of functioning audit committees that promote independent accountability and service delivery: • Financial statements • Predetermined objectives	30	206	5	16
	30	202	5	19
4. An IT governance framework that directs the positioning of IT, resource requirements, risk and internal control management (information systems).	4	22	23	28

4.1.1 Leadership

Effective oversight should be exercised at all levels of those charged with governance and management by:

- providing effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity
- exercising oversight responsibility regarding financial and performance reporting and compliance with applicable laws and regulations and the related internal controls

- implementing effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored
- establishing and communicating policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities
- developing and monitoring the implementation of action plans to address internal control deficiencies
- establishing an IT governance framework that supports and enables the business, delivers value, and improves performance.

The need for competent and skilled staff to support the CFO was identified as a priority to improve on the prior year audit outcomes and the production of regular and quality financial information. The successful appointment of competent and skilled staff, together with training interventions, led to improvements in the audit process. The contracting of independent consultants in specialised areas also contributed to the improvement in the audit outcomes. Future improvement in audit outcomes will depend on stability at CFO level and continued direction provided by the executive authority and accounting officer/authority.

4.1.2 Financial and performance management

The basic controls to improving financial and performance management include the following:

- Regular preparation of complete and accurate financial and performance reports that are supported by reliable information
- Review and monitoring of compliance with laws and regulations
- Implementing proper record keeping to ensure that complete, relevant and accurate information is accessible and available in a timely manner to support financial and performance reporting
- Implementing controls over daily and monthly processing and reconciling of transactions
- Designing and implementing formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

Some departments and public entities did not have adequate systems to facilitate the preparation of financial statements and performance reports. Furthermore, manual or automated controls were not always adequately designed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed to ensure compliance with all applicable laws and regulations.

Those charged with governance have a responsibility to prepare quality, reliable financial statements and management information. This responsibility should be supported by the recruitment of competent individuals who understand the financial reporting framework (including knowledge of the controls and related processes) and performance management requirements.

Pertinent information should be identified and captured in a form and time frame to support effective financial and performance reporting which reduces instances of material amendments resulting from the audit. The review of the financial statements and other information by management for completeness and accuracy prior to submission for audit purposes contributed to reducing the number of audit findings. Adherence to basic financial controls throughout the financial year, i.e. daily processing of transactions, monthly reconciliation of accounts and the continuous review thereof, needs to be actively monitored by management in order to improve audit outcomes.

Documents supporting the financial statements and other information should be readily available, without any significant delay, when requested throughout the audit process. There were departments and public entities that were not able to supply documentation that supports the information in the financial statements or the report on predetermined objectives.

4.1.3 Governance

Good governance practices include the following:

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

The risk assessment performed by departments and public entities should inform the risk-based audit plans of internal audit to allow them to function effectively in advising the accounting officer/authority and the audit committee on matters relating to internal controls, accounting procedures and practices, risks and risk management.

The awareness created by the prior year audit reports and management reports had a positive impact on the awareness of those charged with governance and management regarding the requirement for effective risk assessments.

Only appropriate qualified internal auditors with the necessary competencies and skills should be appointed. The audit committees should monitor the activities of the internal audit function to ensure that they fulfil their roles and responsibilities.

The audit committees should also play an active role in monitoring corrective measures on previous modifications to audit reports throughout the financial year.

4.2 Action taken/to be taken to address matters previously reported

The executive authority and accounting officer/authority played an active role in monitoring progress to drive clean administration in their respective portfolios. The overall audit outcomes in the national portfolio improved as a result of the active involvement of the CFOs.

There was a significant drive by the executive authority and leadership to reduce the vacancies at the senior level in order to create the stability required to impact positively on the audit outcomes and service delivery. The successful appointment of competent and skilled staff, together with training interventions, led to the improvement in financial reporting.

The audit committees contributed to the improved audit outcomes by assisting the entities in its evaluation of the adequacy and efficiency of risk management, internal controls, accounting practices, information systems and auditing processes applied by the auditee in the day-to-day management of its business in order to promote accountability and effective service delivery within the organisation. They also played an active role in monitoring corrective measures throughout the year.

Those charged with governance made themselves available for stakeholder interactions with the AGSA, which led to an overall improvement in the audit outcomes for 2009-10. The ministers acknowledged the importance of key internal controls and provided support in the follow up of the implementation of the controls to address internal control deficiencies and commitments made during the stakeholder interactions. In addition, the actions and initiatives taken by National Treasury provided further support to departments and public entities, which led to the improved audit outcomes. These initiatives included provision of tools and guidance for proper financial and performance management, as well as regular interaction to resolve matters of concern.

Departments that made firm commitments to improve their audit outcomes in the 2009-10 financial year included implementation of processes such as:

- proper document management
- improved record keeping of capital assets
- the implementation of adequate systems for the recording of performance against predetermined objectives
- regular review of financial statements to ensure the completeness and accuracy of information submitted for auditing.

Not all departments were successful in implement all the commitments made, as evidenced by the 2009-10 audit outcomes. Similarly, public entities made commitments but were also not successful in all instances.

Key commitments made during discussions with ministers and accounting officers/authorities on the 2009-10 audit outcomes

During the months of October and November 2010 the AGSA initiated discussions with the ministers and accounting officers/authorities on the 2009-10 audit outcomes. During these sessions firm commitments were made to address audit findings arising from the 2009-10 audit cycle.

Included below are commitments made by certain of the departments and public entities which are key to addressing areas where concerted effort is required to address the internal control deficiencies that have lead to qualification areas, findings on predetermined objectives, compliance with laws and regulations, HR and SC management and IT matters detailed in this report. The commitments are summarised as follows:

- The DPSA has a key role in facilitating certain transversal changes, as it is the custodian of various “tools of the trade” on behalf on other departments. As such it has committed to address key findings which mainly related to (i) reporting against predetermined objectives, (ii) exposures from the information systems environment, (iii) human resource management, and (iv) supply chain management. A basic undertaking in this regard has already been compiled and shared with the relevant portfolio committee. The fact that the portfolio committee has also accepted that its role needs to expand to a more transversal focus on these issues, is encouraging. The proposed establishment of a new Special Anti-corruption Unit, as a joint initiative

of DPSA and the Special Investigating Unit, is expected to have a significant impact on deterring and investigating corrupt activities, especially those that relate to supply chain management.

- Under the leadership of the Minister of Public Service and Administration, SITA has embarked on a turnaround strategy, and of note is the appointment of the CEO, board members and the restructuring of the composition of the audit committee. The CEO, with the new leadership, has been active in promoting the reputation of SITA within the public sector. The leadership of SITA has committed to the turnaround strategy and instituted processes to address control weaknesses within the SCM process, various non-compliance issues, weaknesses in the internal control environment and the lack of proper reporting on performance objectives as reported in the audit report.
- The minister and the accounting officer of the Department of Correctional Services gave an undertaking to address the department's asset qualification finding.
- The new Department of Mineral Resources has already addressed the qualification audit finding related to royalty revenue by agreeing with SARS to handle this function on an agency basis going forward, leaving the department to focus only on issues from prior periods. Both the Department of Mineral Resources and the Department of Energy have invested a lot of time and resources to ensure that these two new departments start on a solid footing, with appropriate strategies, controls and monthly financial and performance management disciplines.
- The ministry of Home Affairs had embarked upon a turnaround strategy in order to improve their reputation, financial management and the delivery of critical services to the nation. A key focus of the strategy is to create an environment that represents sustainable, consistent, effective and efficient service delivery to the citizens of South Africa and South Africa's international partners. Also significant was the commitment of the leadership to improve service delivery processes throughout the country. This strategy is still in the process of implementation, but has already succeeded in managing down audit qualifications quite significantly – a trend that is expected to continue under the focused leadership of the minister and her director-general.
- The Minister of the Department of Justice and Constitutional Development confirmed his commitment to resolve the accounting and systems matters with regard to monies in trust within the next two years. He committed to support the department in appointing skilled staff in key positions to enable the department to function effectively and to address key areas of concern, including the SCM issues.
- The Department of Rural Development and Land Reform, in conjunction with National Treasury and other custodians of state land, has developed a National Vesting Master Plan with annual milestones to be achieved to ensure a complete and accurate immovable asset register. The milestones as per the National Vesting Master plan for the 2009-10 financial year were, however, not achieved by the department. The department has since increased capacity in the unit responsible for the surveying and vesting to ensure that the set milestones are met. The executive authority has a personal interest in the matter and has committed to make sure that the department is capacitated to meet the set milestones. The team has developed an action plan to address the milestones in the plan and also to address challenges relating to the deeds register. The compliance issues noted in the audit report of this department are indicative of serious weaknesses that relate directly to the core mandate of this department and will need to receive serious attention from the executive

and senior management. The fact that a number of projects have been suspended shows the seriousness with which the team is approaching these issues.

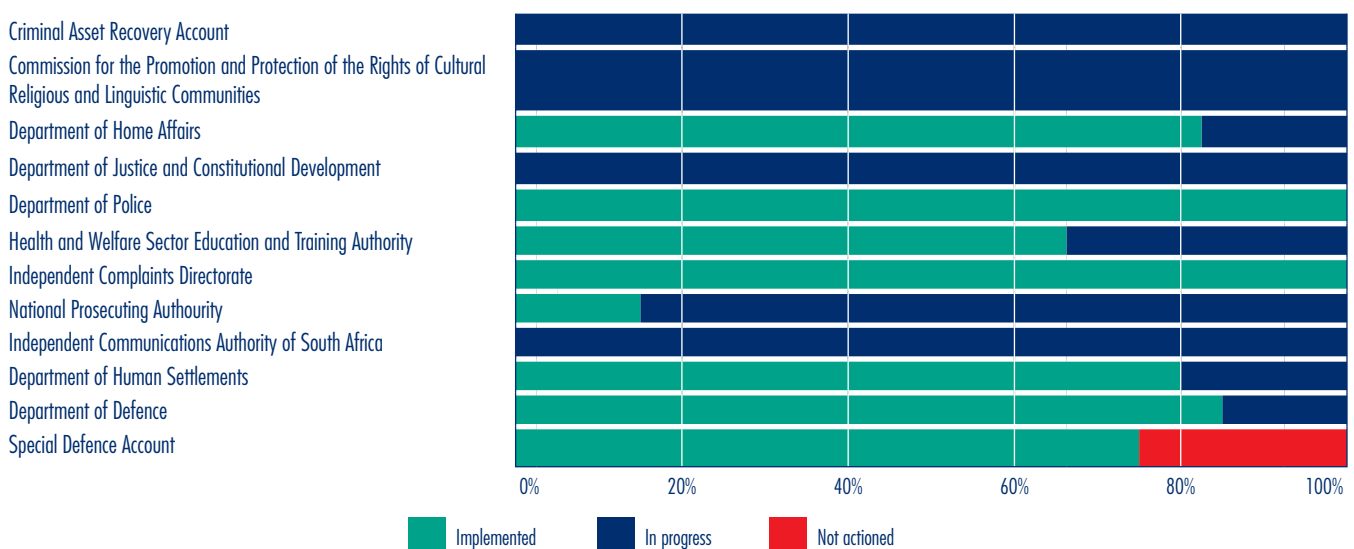
- The Minister of the Department of Public Works (DPW) confirmed that the outcomes of the AGSA's key control discussions with management would be monitored. A further commitment was made to maintain the process with regard to the immovable assets and the vesting process to ultimately have a complete asset register for immovable assets. The improvement of processes that ensure compliance with SCM prescripts and prevent irregular expenditure will be a focus area. The relevancy of reporting on performance against predetermined objectives that reflects the mandate of DPW will be monitored by the minister. Financial information specific to projects and the effective management of projects will also be a focus area in the next financial year. Controls to ensure the accurate accounting for lease buildings and the recoverability of accounts receivable at the Property Management Trading Account will be prioritised.
- The Minister of Water Affairs and Forestry committed to implementing the key controls required to address the department's qualification finding.
- Although the financial administration of the Sectoral Education and Training Authorities (SETAs) has improved over the past number of years, attention is still required to improve reporting on predetermined objectives. The biggest challenge is to raise this level of reporting from a volume-driven evaluation to a point where the impact of the education and training efforts is reflected. The Department of Higher Education and Training is currently attending to this.
- The accounting officer and the minister undertook to develop a strategy for the Department of Social Development and SASSA to jointly address the problems relating to grants administration on which the department was qualified.
- While every effort is being made to phase out the "outsourcing" arrangement that led to the qualifications at the Department of Labour, management has also committed to address the serious shortcomings with regard to reporting against predetermined objectives through a dedicated rethink of processes relating to the department and its entities. This rethink will also enable the department to interact with and support its entities in a more focused way.
- The Department of Defence reduced their qualification areas from six to one during the year under review. The remaining qualification relates to assets which the accounting officer has committed to address.
- The Minister of Arts and Culture is committed to the establishment of a task team to improve the reliability and usefulness of the department's report on performance against predetermined objectives. Non-adherence to the SCM procedures will be investigated to prevent irregular expenditure in future and to reinforce the accountability of leadership. The minister confirmed the department's commitment to addressing all internal control deficiencies.
- The Department of Health has undertaken (i) to enhance their monitoring and oversight responsibility over grants paid to provinces with the view to improving service delivery and enhancing provincial accountability, (ii) to establish a task team to assist in improving the quality of the report on performance against predetermined objectives, and (iii) to focus on the implementation of key controls during 2010-11.

- The Department of Environmental Affairs and Tourism undertook to prepare a comprehensive audit file to facilitate the AGSA's audit of the department's reporting on performance against predetermined objectives for the 2010-11 financial year. The minister offered his full support.
- During the SCOPA hearing of the SABC, the deputy minister of Communications reiterated the leadership of the SABC's commitment to take ownership of and accept accountability for addressing governance and financial management issues.

Status of SCOPA/oversight resolutions

The commitment of departments and public entities to address audit outcomes is also evidenced by the response to addressing SCOPA resolutions. At year-end, 43 oversight resolutions out of a total of 73 had been implemented, 29 were in progress and one had not yet been actioned. The status of the SCOPA resolutions for departments and public entities is as follows:

Figure 32: SCOPA resolutions status



The Department of Police was the only department that implemented all the resolutions and the Special Defence Account was the only public entity that had not yet actioned one of its four resolutions. The reason for this is that the Defence Special Act (DSA) needs to be amended to deal with the investment/utilisation of surplus funds. National Treasury has already given approval for surplus funds to be retained. This was reported on as non-compliance with the DSA in the 2009-10 audit report.

Initiatives taken by National Treasury in improving financial management practices

Relationship and interaction

An effective relationship with the National Treasury and, more specifically the Office of the Accountant-General (OAG), is critical to the responsibilities of the AGSA as auditor of government. Interaction with the OAG takes place at a number of different levels.

The first level of interaction is at quarterly trilateral meetings, which include the Accounting Standards Board (ASB) meeting where strategic matters concerning audit and accounting within government are discussed. One of the key matters that have been identified for action at this meeting is the development of a CFO handbook and a leadership handbook by the OAG. These documents will complement the stakeholder interventions on key controls introduced by the AGSA.

The second level of interaction is on technical matters raised by the auditors and the auditees during the PFMA and MFMA audit cycles. These meetings take place on a weekly basis and have proved invaluable in ensuring that problems are resolved and that a mutually agreed response is given to both the auditee and auditors.

In addition to these two interactions, combined sessions are held each year before the PFMA and MFMA audit cycles. The purpose of these sessions is to debrief the parties on matters encountered during the preceding cycle that require action and to identify risks and matters that could impact on the forthcoming cycle. The provincial Accountants-General and AGSA leadership attend these sessions. HoDs and CFOs from auditees are also invited to the sessions as appropriate.

Guidance published by OAG

- The number of matters to be addressed by National Treasury in the Departmental Financial Reporting Framework Guide has significantly decreased and this document has improved significantly over the past year or two.
- In response to the matters raised by the auditees and auditors, weekly updates on Frequently Asked Questions are published by the National Treasury. It is also pleasing to note that the number of exemptions granted by the OAG from compliance with the Departmental Financial Reporting Framework Guide has declined and is now an exception.
- During this cycle the National Treasury issued guidance on accounting for immovable assets and RDP houses constructed for transfer to third parties, which addressed many of the uncertainties and anomalies in the previous year.
- The recognition of irregular expenditure for a number of non-compliance matters has been a particular feature this year, with many different interpretations of what can result in irregular expenditure. Meetings were held with National Treasury to discuss this matter but more comprehensive guidance is necessary.
- Formalising the status of certain functions performed by departments, for example whether they are separate entities and thus have to be audited separately, or whether they form an integral part of that department, has still to be addressed. The departments affected by this are mainly Labour, Justice, Department of International Relations and Cooperation and Home Affairs.
- A matter that is still of great concern is the inconsistent manner in which agency-type transactions are accounted for. Many of these do not find their way into the financial statements of either party involved in the agency agreement. The National Treasury has agreed to hold a dedicated session to resolve this matter this year.
- Additional guidance on the format and timing of submission of reports on predetermined objectives and other information to be included in the annual report, especially for entities other than departments, still requires attention.
- The availability of reliable systems to produce information required for the preparation of the financial statements in respect of capital assets, accounts receivable for departmental revenue, contingent liabilities, capital commitments, accruals and related parties remains a challenge that has not yet been addressed.
- A review of the issuing process and the legal status of communiqués issued by the OAG and other role

players, which include practice notes, memoranda, circulars, guidelines, frameworks, handbooks, etc. within the perspective of reporting by the auditors on compliance by the auditees with these publications, still requires to be agreed with the National Treasury.

Matters that require attention to prevent an impact on audit outcomes in the coming year

The following matters require additional guidance or monitoring by the OAG to prevent a possible negative impact on the audit outcomes of 2010-11.

Accounting matters

All entities should pay particular attention to any changes to the applicable financial reporting framework and take timely action to put processes in place to ensure compliance with such changes. It is important that public entities prepare a risk analysis before the new standards become effective.

The following SA Standards of GRAP have been issued by the ASB but are not yet effective:

- GRAP 21 - Impairment of non-cash-generating units
- GRAP 23 - Revenue from non-exchange transactions
- GRAP 24 - Presentation of budget information in financial statements

In terms of GRAP 24, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts, either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with SA Standards of GRAP. The standard goes further in prescribing the nature and extent of this disclosure. As this disclosure will form part of the financial statements it will be subject to audit.

- GRAP 25 - Employee benefits
- GRAP 26 - Impairment of cash-generating units
- GRAP 103 - Heritage assets
- GRAP 104 - Financial instruments.

Trading entities, schedule 2, 3B and 3D public entities should take note of the following amendments to the SA Standards of GAAP resulting from the April 2009 annual improvements to IFRS, which may have an impact the auditor's report in the coming year:

- IAS 1 - Presentation of financial statements
- IAS 7 - Statement of cash flows
- IAS 17 - Leases
- IAS 36 - Impairment of assets
- IAS 39 - Financial instruments: Recognition and measurement.

Controls implemented by service organisations on behalf of departments and public entities

Departments and public entities should be alert to the fact that certain internal controls and financial transactions in one department or entity might be impacted by the controls implemented at another entity where that entity carries out certain transversal or specific functions on its behalf. The typical instances of this are the procurement processes related to information technology by the State Information Technology Agency in terms of the State

Information Technology Act, 1998 (Act No. 88 of 1998), transversal contracts entered into by National Treasury in terms of the Treasury Regulations and the accommodation and maintenance contracts undertaken by the PMTE and the DPW.

Susceptibility and subjectivity of complex accounting estimates and fair values

Some of the accounting standards require complex accounting estimates to be made. These typically concern

- calculations for investment property, properties in possession, investment in subsidiary in terms of the SA Statements of GAAP, International Accounting Standard 36, *Impairment of Assets*.
- determining the provision amount for loans and advances in terms of SA Statements of GAAP, International Accounting Standard 37, *Provisions, Contingent Liabilities and Contingent Assets*.
- assumptions in determining the fair value, residual values and useful lives of assets in terms of SA Statements of GAAP, International Accounting Standard 16, *Property, plant and equipment*.

Auditees are cautioned that these matters should be supported by clear and available information to avoid qualifications in these areas.

Transfer of functions

One of the very first decisions that followed the inauguration of our current President was the creation of a new set of departments to deal with the day-to-day service delivery challenges. This involved the splitting of existing departments and the creation of new departments. The transfer of all functions resulting in new separately accountable entities was to become effective on 1 April 2010, unless specifically indicated otherwise. The departments must make sure that for purposes of clean administration, proper controls and reviews are put in place during the process of splitting, for example implementing a memorandum of agreement between the newly formed departments which addresses matters such as asset management, accounting for costs and liabilities due to the transfer of functions and compliance with laws and regulations (section 42 of the PFMA).

The following departments were reorganised, which resulted in the creation of new departments:

- Department of Cooperative Governance and Traditional Affairs:
The function of the Rural Development Programme: Monitoring and evaluation sub-programmes was transferred to the Department of Rural Development and Land Reform during the first quarter of the financial year. The Department of Traditional Leaders, which formed part of the Department of Cooperative Governance and Traditional Affairs, will function on its own and prepare a separate set of financial statements.
- Department of Environmental Affairs and Tourism was split into the Department of Environmental Affairs and the Department of Tourism. The process to close the books of the Department of Environmental Affairs and Tourism may impact on the take-on balances of the new department.
- The Department of Education was split between the Department of Higher Education and Training and the Department of Basic Education. The Sector Education Training Authorities (SETAs) as well as the National Skills Fund, which formed part of the Department of Labour, have now been transferred to the Department of Higher Education and Training. This transfer of functions has resulted in a lack of infrastructure which might have an impact on future audit outcomes.
- The Forestry function was transferred from the Department of Water Affairs and Forestry to the Department of Agriculture, Fisheries and Forestry. The sanitation function, which formerly formed part of the Department of Water Affairs, was transferred to the National Department of Human Settlements.

- The Department of Minerals and Energy was split into two new departments, namely the Department of Minerals Resources and the Department of Energy.
- The Department of Performance Monitoring and Evaluation and the Department of Women, Children, and Persons with Disabilities were created under the Presidency. This may pose challenges in respect of budgeting, strategic planning and internal controls at the respective departments. The National Planning Commission, which is a separate ministry within the Presidency, is also expected to be functional during the next financial year.

AGSA interaction with the ASB

Interaction with the ASB takes place within a number of different forums. The AGSA is represented on the ASB board and quarterly trilateral meetings are conducted with the ASB and National Treasury. Discussions and meetings also take place between technical staff of the ASB, the OAG and the AGSA as and when required.

4.3 Initiatives taken by the AGSA to encourage clean administration

In support of an ultimate audit outcome of unqualified audit opinions with no reported findings on predetermined objectives or compliance with laws and regulations, the AGSA leadership has embarked on an intensified programme to enhance its visibility in order to improve the effectiveness of the audit process and to engage with all role players that can influence clean administration. To this end, senior staff from the AGSA regularly visited the audit teams. Audit steering committee meetings were attended by senior members of the auditee and the AGSA, and meetings were held with those charged with governance not only at the end of the audit cycle but also during the planning and pre-finalisation stage of the audit. The engagements focused on simple, clear and relevance of information to facilitate an understanding of the audit process, secure buy-in and seek commitment from the auditees to improve identified weaknesses in internal control that will influence clean administration.

Personal interaction by the AG with several of the ministers had a positive impact on the outcomes of the audits. As at 31 July 2010, the AGSA had met with all ministers responsible for departments and public entities in the national portfolio. The result of this interaction was positive in more than one respect as the ministers were able to assess the internal control deficiencies of the qualification areas and findings relating to the predetermined objectives and compliance with laws and regulations and monitor action plans to address the deficiencies in their respective portfolios.

Specific matters that the AGSA introduced over the last two years which have an impact on the success of achieving clean administration are as follows:

- A clear and specific articulation of the root causes of audit qualifications and findings on predetermined objectives and compliance with laws and regulations so that these can be effectively and timeously addressed.
- Specific focus on human resource management and supply chain management and key national initiatives for five of the major sectors, viz. Health, Education, Human Settlements, Social Development and Public Works (refer to 5.1 of this report).

SECTION 5: FINDINGS ARISING FROM THE AGSA's SPECIFIC FOCUS AREAS

5.1 Significant findings from audits of human resource management and compensation of employees (departments only)

Of the 34 departments audited, 29 departments (85%) did not have in place all the requirements for an effective human resource management and compensation of employees system. These weaknesses impact the departments' financial management as well as their ability to deliver services in accordance with their mandates.

Weaknesses were identified in the following key areas:

Human resource management

- Human resource planning and organisation
- Lack of a human resource plan
- Positions vacant for more than 12 months: Senior management
- Positions vacant for more than 12 months: Finance division
- No improvement in overall vacancy rate
- No improvement in senior management vacancy rate

Compensation of employees

- Incorrect leave credits
- No payroll certification at pay point
- Temporary incapacity leave : Non-compliance with the determination and policy
- Payroll reports not returned to the finance division within 10 days as required

The detailed findings on HR management and compensation of employees are presented below.

Table 25: Findings on HR planning, work organisation and management of vacancies

Department	Human resource planning and work organisation	Management of vacancies		Officials acting for period exceeding 12 months	Senior managers' performance agreements not signed by 31 July
	No updated and approved human resource plan	Lack of improvement in overall vacancy rate	Lack of improvement in senior management vacancy rate		
Agriculture, Forestry and Fisheries					
Arts and Culture					
Communications					
Cooperative Governance and Traditional Affairs					
Correctional Services					
Defence					
Health					



Department	Human resource planning and work organisation	Management of vacancies		Officials acting for period exceeding 12 months	Senior managers' performance agreements not signed by 31 July
	No updated and approved human resource plan	Lack of improvement in overall vacancy rate	Lack of improvement in senior management vacancy rate		
Home Affairs					
Human Settlements					
Independent Complaints Directorate					
International Relations and Cooperation					
Justice and Constitutional Development					
Labour					
Minerals and Energy					
National Treasury					
Public Enterprises					
Public Service and Administration					
Public Works					
Rural Development and Land Reform					
Science and Technology					
Sport and Recreation					
The Presidency					
Trade and Industry					
Water Affairs and Forestry					

5.1.1 HR planning and work organisation

No updated and approved human resource plan

HR planning is required in terms of Public Service Regulations (PSR) 1/III/B2(d) and PSR 1/III/D to ensure that a department obtains the quantity and quality of staff required to meet its strategic objectives.

5.1.2 Management of vacancies

The accounting officer of the department should address the gaps between the human resources required to perform the department's functions and the existing human resources by means of recruitment and retention strategies.

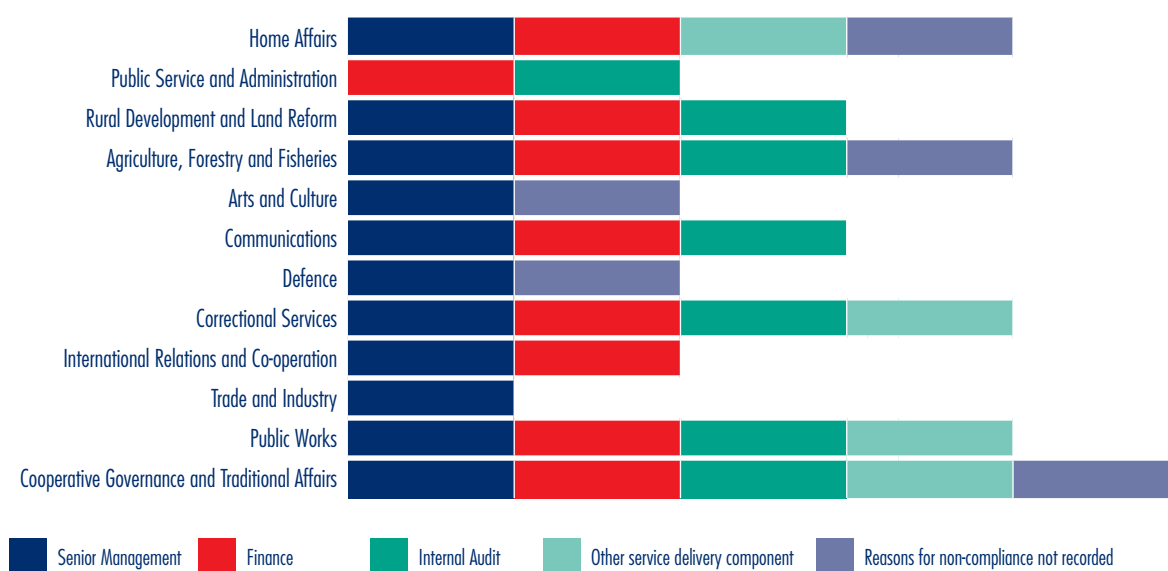
Based on the annual reports, the vacancy rate across all departments was 18% on average, the lowest rate being at the Department of Government Communication and Information System at 4% and the highest at the Department of Water Affairs at 46%. Approximately 19% of the positions for senior managers and highly skilled staff at the departments were vacant.

Non-compliance with recruitment time frames

In terms of PSR 1/VII/C.1A.2, a funded vacant post should be advertised within six months after becoming vacant and should be filled within 12 months. PSR 1/VII/C.1A.3 states that, if a department does not comply with the regulation, the reasons for such non-compliance should be recorded in writing.

The recruitment time frames were tested for senior management as well as posts in finance, internal audit and a service delivery component where the vacancy rate was above 5%. The following diagram provides detail on departments which have not complied with the recruitment time frames and where the reasons for non-compliance were not recorded:

Figure 33: Non-compliance with recruitment time frames



Due to scope limitations on the Department of Justice and Constitutional Development, we were unable to determine compliance with the above requirement.

5.1.3 Acting by officials in higher posts

Departments have the option to temporarily direct an employee to act in a higher vacant position for which the employee is then paid an acting allowance. PSR 1/VII/B5.3, however, restricts the acting period to 12 months to ensure that permanent appointment of a suitably qualified and experienced person is not delayed.

Prolonged acting periods can be an indication of ineffective processes to appoint or recruit suitable permanent staff. Instances were found at departments where employees received acting allowances for more than 12 months.

5.1.4 Performance agreements of senior managers

In terms of PSR 4/III/B1 and chapter 4 of the SMS handbook, senior management must enter into performance agreements. The performance agreements for some of the SMS members at the following departments were not signed by 31 July 2009.

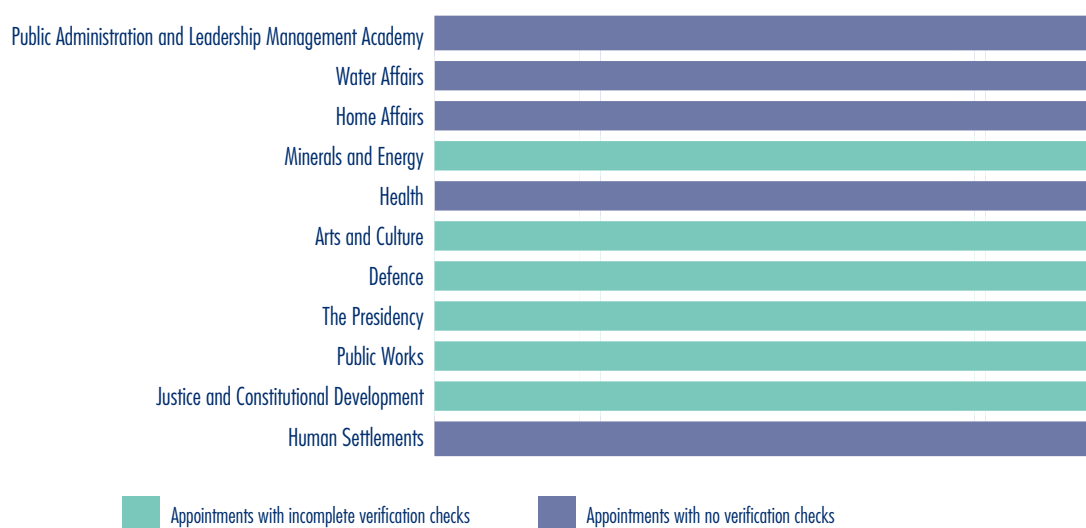
5.1.5 Appointment processes

The recruitment and selection processes ensure that candidates with the appropriate qualifications and experience to meet the requirements of the specific post are appointed.

Verification checks not performed

A directive was issued by the MPSA with effect from 1 January 2008 which determined a process whereby criminal and financial/asset records should be checked and verifications performed in respect of citizenship, financial status, qualifications and previous employment for all new appointments. The diagram below illustrates departments that did not comply with this directive.

Figure 34: Verification checks not performed



5.1.6 Sick and incapacity leave

Incapacity leave incorrectly granted

In terms of the leave determination, read with the DPSA's *Policy and Procedure on Incapacity Leave for Ill-health Retirement (PILIR)*, incapacity leave is additional sick leave granted conditionally at the employer's discretion. The determination and the policy contain clear and specific requirements as to how incapacity leave should be dealt with and the number of days that can be granted.

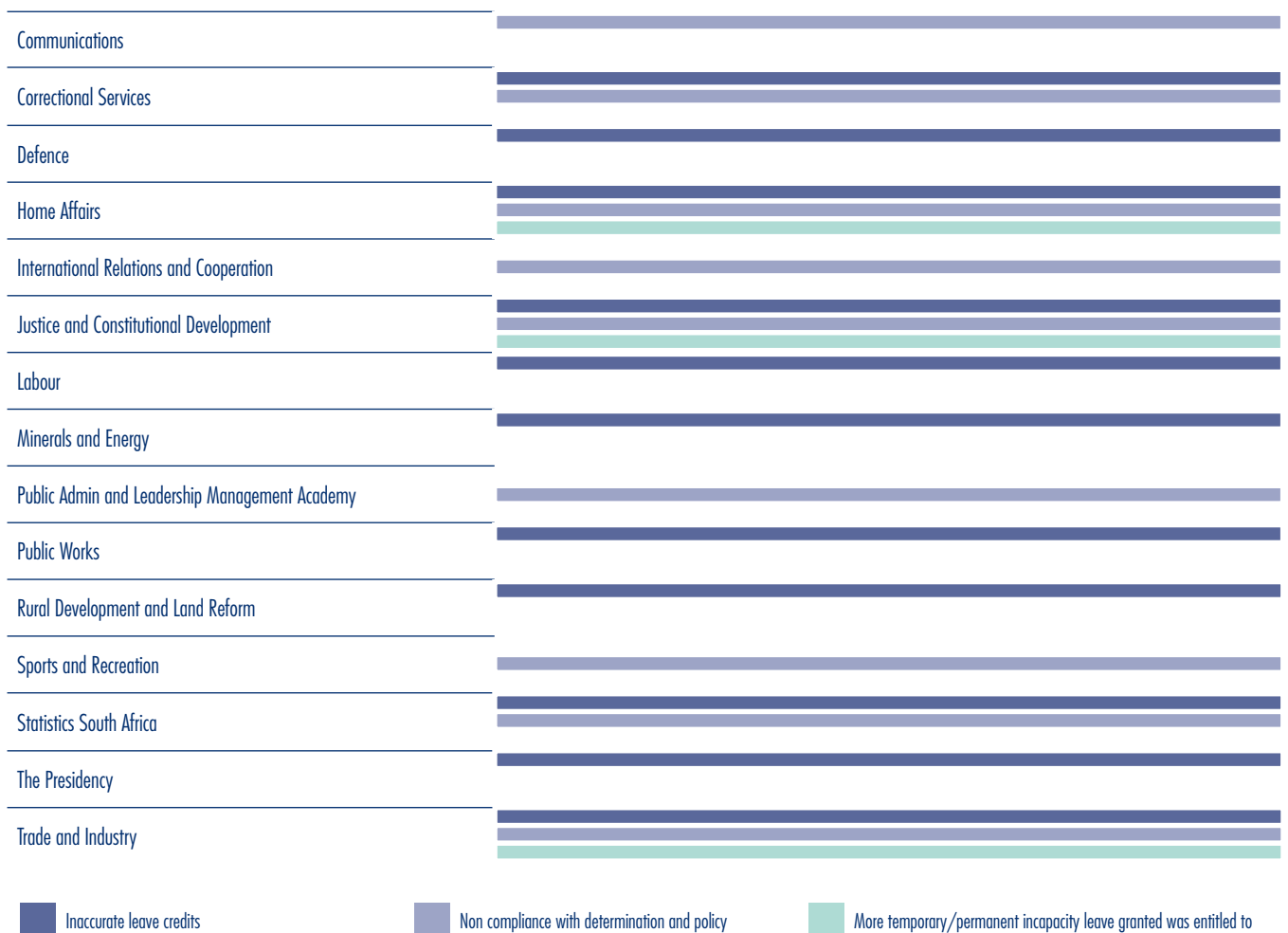
Nine departments did not comply with their determination or policy regarding temporary incapacity leave as per PSR 1/V/F(c) (which was not identified as a material finding in the previous year).

5.1.7 Leave administration

Inaccurate leave credits

In terms of PSR 1/V/F(b), the head of the department should record all leave taken by an employee accurately and in full. No or inadequate controls were implemented at the following 11 departments to ensure that all leave taken by employees was captured and that it was done timeously. As a result, the annual or capped leave credits at the following departments are incorrect.

Figure 35: Incapacity leave incorrectly granted and inaccurate leave credits

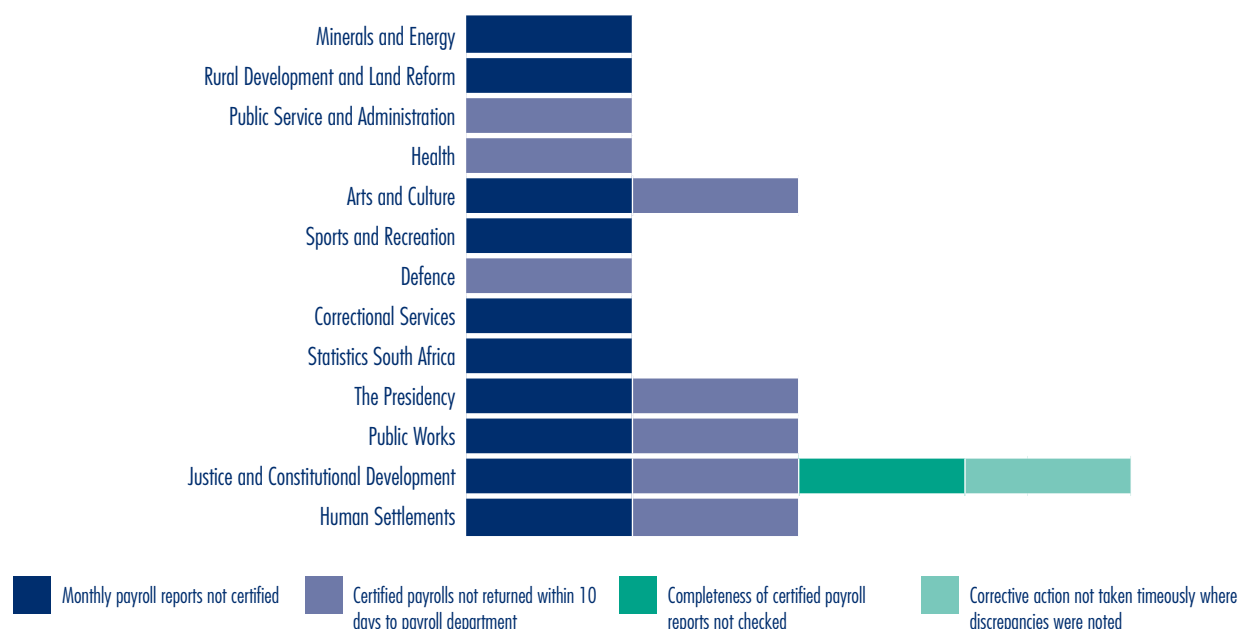


5.1.8 Payroll control

In terms of TR 8.3.4, the person in charge at the respective pay points must certify that all persons listed on the payroll report are entitled to payment. TR 8.3.5 requires that the payroll report be returned to the CFO within 10 days of being certified, and that the accounting officer must ensure that all pay-point certificates are received on

a monthly basis. Instances were found at the following departments that indicate that the prescribed control was not fully implemented:

Figure 36: No payroll certification at pay point



5.1.9 Overall conclusion

Leadership in government should address deficiencies in human resource management and compensation of employees. Directives, regulations and rules are in place but are still not adhered to. Management of vacancies needs to be addressed as vacant leadership positions also lead to a break-down of controls within all areas of the departments. These weaknesses impact departments' leadership oversight and financial management, which in turn impacts on its ability to deliver its services in accordance with its mandate.

5.2 Significant findings from the audit of supply chain management

For the first time this year regularity audits included a specific assessment of the procurement processes and contract management of the auditees as well as the controls to ensure a fair, equitable, transparent, competitive and cost-effective SCM that prevents and detects, fraud, non-performance by suppliers, and non-compliance with SCM legislation.

As is evident from the analyses of irregular expenditure (section 3), most (59%) of the irregular expenditure incurred by the departments and entities was as a result of non-compliance with SCM legislation.

5.2.1 Interest in suppliers

The performance audit report tabled in August 2008 entitled *Performance audit of entities that are connected with government employees and doing business with national departments* revealed that employees and spouses

of employees were doing business with their own departments through companies and close corporations in which they are directors or members.

Legislation does not prohibit such practices but there is legislation that endeavours to ensure that conflicts of interest do not result in the unfair awarding of contracts or acceptance of unfavourable price quotations and requires employees to obtain approval for performing remunerative work outside their employment. The report also disclosed non-compliance with this legislation and a number of other irregularities in the SCM process at the departments. Information regarding follow-up of the findings from the performance audit report is not available at present.

The 2009-10 regularity audits included a similar assessment of the interest of employees and their close family members in entities that are suppliers to the auditee. Where interest in suppliers was identified, a sample was tested to determine compliance with the legislation applicable to departments, trading entities, constitutional institutions and schedule 3A and 3C public entities. The table below lists the auditees where interests were identified and details the resultant findings (a listed department or public entity below had interests in suppliers but did not necessarily result in a finding with non-compliance with laws and regulations):

Table 26: Interest in suppliers

No.	Departments and public entities	Interest not declared by supplier	Employee involved in process of making award to supplier	Employee did not disclose conflict of interest	No approval for employee to perform remunerative work outside employment (departments only)	Interest not included in annual declaration of senior manager (departments only)
1	Public Works					
2	Justice and Constitutional Development					
3	Trade and Industry					
4	Home Affairs					
5	Cooperative Government and Traditional Affairs					
6	Social Development					
7	Electoral Commission					
8	National Home Builders Regulatory Council					
9	Mining Qualifications SETA					
10	Unemployment Insurance Fund					
11	Commission for Conciliation, Mediation and Arbitration					
12	Water Trading Account					
13	Medical Research Council of South Africa					
14	Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd					

Of the 10 national departments listed, the following were also identified in the performance audit:

- Trade and Industry, Home Affairs and Social Development – employee-related companies doing business with own department

- Trade and Industry, Public Works and Social Development – employees' spouse-related companies doing business with own department

Of the 14 entities where interest in suppliers was identified, non-compliance with SCM legislation was identified at 12.

Despite the fact that the information regarding follow-up on performance audit report findings is not available, there is an indication (from the analysis above) of continued non-adherence to the SCM process regarding employees and their close family members having an interest in suppliers.

5.2.2 Procurement process

The table below indicates the significant findings in the procurement process that resulted in the occurrence of irregular expenditure.

Table 27: Summary of significant findings in the procurement process

Auditee	Procurement process							Awards to suppliers that did not score the highest points	No prospective supplier list
	Three price quotations not invited	Deviation from competitive bidding - without approval	Competitive bidding deviation not justified	Deviation from competitive bidding - approved in accordance with TR 16A6.4	Awards to suppliers who failed to provide valid tax clearance certificates	Preference point system not applied			
Departments (including legislature)									
Agriculture, Forestry and Fisheries									
Arts and Culture									
Communications									
Cooperative Governance and Traditional Affairs									
Correctional Services									
Defence									
Health									
Home Affairs									
Human Settlements									
Justice and Constitutional Development									
Labour									
Minerals and Energy									
Public Service and Administration									
Public Works									
Sport and Recreation									
The Parliament									
The Presidency									
Water Affairs and Forestry									
Public entities (including trading and constitutional institutions and other entities)									
African Exploration Mining and Finance Corporation (Pty) Ltd									
African Institute of SA									
Agricultural Research Council									
Agricultural Sector Education and Training (AgriSETA)									
Boxing SA									
Carbon Stream Africa (Pty) Ltd									

Auditee	Procurement process							
	Three price quotations not invited	Deviation from competitive bidding - without approval	Competitive bidding deviation not justified	Deviation from competitive bidding - approved in accordance with TR 16A6.4	Awards to suppliers who failed to provide valid tax clearance certificates	Preference point system not applied	Awards to suppliers that did not score the highest points	No prospective supplier list
Castle Control Board								
CCE Solutions								
CEF Carbon								
Central Energy Fund (Pty) Ltd (CEF)								
Chemical Industries Education and Training Authority								
Commission for Conciliation, Mediation and Arbitration								
Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities								
Commission on Gender Equality								
Compensation Fund, including Reserve Fund								
Construction Education and Training Authority								
Construction Industry Development Board								
Council for the Built Environment								
Cross-Border Road Transport Agency								
Education, Training and Development Practices Sector Education and Training Authority								
Electoral Commission								
Energy Sector Education and Training Authority								
ETA Energy (Pty) Ltd (CEF)								
Financial Intelligence Centre								
Freedom Park								
Independent Regulatory Board for Auditors								
Information Systems, Electronics and Telecommunications Technologies Training Authority								
Ingonyama Trust Board								
Insurance Sector Education and Training Authority								
International Trade Administration Commission (ITAC)								
Local Government Sector Education and Training Authority								

Auditee	Procurement process							
	Three price quotations not invited	Deviation from competitive bidding - without approval	Competitive bidding deviation not justified	Deviation from competitive bidding - approved in accordance with TR 16A6.4	Awards to suppliers who failed to provide valid tax clearance certificates	Preference point system not applied	Awards to suppliers that did not score the highest points	No prospective supplier list
Market Theatre Foundation								
Mine Health and Safety Council								
Mining Qualifications SETA								
National Agricultural Marketing Council								
National Development Agency								
National Film and Video Foundation of South Africa								
National Heritage Council								
National Home Builders Registration Council								
National Lotteries Board								
National Nuclear Regulator (NNR)								
National Prosecuting Authority								
National Regulator for Compulsory Specifications								
National Student Financial Aid Scheme								
Nelson Mandela Museum: Umtata								
Northern Flagship Institution								
Oil Pollution Control SA (CEF)								
Pan African Mineral Development Co								
Private Security Industry Regulatory Authority								
Road Traffic Management Corporation								
Robben Island Museum								
SA Civil Aviation Authority								
SA Gas Development Company (Pty) Ltd (iGas) (CEF)								
SA Human Rights Commission								
SA Institute for Drug Free Sport								
SA Medical Research Council								
SA National Energy Research Institute (Pty) Ltd (CEF)								
Sheltered Employment Factories								
South Africa Diamond and Precious Metals Regulator								

Auditee	Procurement process							
	Three price quotations not invited	Deviation from competitive bidding - without approval	Competitive bidding deviation not justified	Deviation from competitive bidding - approved in accordance with TR 16A6.4	Awards to suppliers who failed to provide valid tax clearance certificates	Preference point system not applied	Awards to suppliers that did not score the highest points	No prospective supplier list
South African Micro-Finance Apex Fund								
State Information Technology Agency								
The Financial & Fiscal Commission								
The Independent Communication Authority SA (ICASA)								
The Property Management Trading Entity								
The Public Protector of South Africa								
Tourism, Hospitality and Sport Education and Training Authority								

An analysis of the findings is provided in the paragraphs that follow.

Three price quotations not invited

In terms of Practice Note (P/N) 8 of 2007-08, the accounting officer/authority should invite and accept written price quotations for procurement up to an estimated value of R500 000 from as many suppliers as possible. If it is not possible to obtain at least three written price quotations, the reasons should be recorded and approved by the accounting officer/authority or his/her delegate.

At 15 departments and 28 public entities irregular expenditure was incurred as goods or services were procured without inviting at least three price quotations and the deviation was not approved and/or the deviation was approved although it was possible to obtain three price quotations.

Deviation from competitive bidding without approval

Treasury Regulation (TR) 16A6.4 states that if in a specific case it is impractical to invite competitive bids, the accounting officer/authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids are recorded and approved by the accounting officer/authority.

At three departments and 15 public entities irregular expenditure was incurred as goods or services were procured without obtaining approval for the deviation from a competitive bidding process at the appropriate level.

Deviation from competitive bidding not justified

P/N 6 of 2007-08 states that the provision in TR16A6.4 should be utilised strictly to procure goods and services of critical importance and only in specific cases where it is impractical to invite competitive bids and where immediate action is necessary or if the goods and services required are produced by or available from sole service providers.

The P/N further states that an effective SCM system requires an accounting officer/authority to ensure that the resources needed to support the strategic and operational commitments of an institution are properly budgeted for and procured at the correct time. Planning for the procurement of such resources should take into account the period required for competitive bidding processes - a lack of proper planning does not constitute a reason for dispensing with prescribed bidding processes. Accounting officers/authorities should also put in place their own control measures to deal with foreseeable cases of emergency that occur within their area of functionality. These measures may include strategic or specific term contracts with suitable service providers to ensure that the required goods or services are available immediately when emergencies occur.

At four departments and seven public entities irregular expenditure was incurred as deviations from competitive bidding were approved on the basis of it being an emergency even though immediate action was not necessary and sufficient time was available for a bidding process and/or proper planning would have prevented such emergency.

At three departments and four public entities irregular expenditure was incurred as deviations from competitive bidding were approved in accordance with TR 16A6.4 on the basis of the goods and services only being produced by or available from one service provider even though evidence did not exist of a thorough market analysis performed and/or other evidence existed of suitable suppliers available in the market.

Awards to suppliers who failed to provide valid tax clearance certificates

In terms of TR 16A9.1(d) and regulation 16 to the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA), a bid should be rejected if the supplier fails to provide written proof from the South African Revenue Service (SARS) that the supplier either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.

At six departments and 12 public entities irregular expenditure was incurred as awards were made to suppliers who failed to provide written proof from the SARS that their tax was in order:

Preference point system not applied

In terms of section 2(a) of the PPPFA, a preference point system should be used for procurement above R30 000. At seven departments and 17 public entities irregular expenditure was incurred because the preference point system was not followed.

Award to supplier who did not score highest points

In terms of section 2(f) of the PPPFA, the contract should be awarded to the tenderer who scores the highest points based on price, functionality (if applicable) and preference points, unless objective criteria justify the award to another tenderer.

At two departments and four public entities irregular expenditure was incurred as awards were made to suppliers who did not score the highest points and where no objective criteria justified such award.

No prospective suppliers list

In terms of P/N 8 of 2007-2008, accounting officers/authorities should compile a list of prospective suppliers per commodity and type of service to be used for inviting price quotations. The prospective suppliers list offers entities a fair opportunity to be invited to submit price quotations.

At three departments and 28 public entities the list of prospective suppliers was not in place or not updated.

5.2.3 Contract management

The table below indicates the significant findings on contract management.

Table 28: Summary of significant findings on contract management

Auditee	Contract management		
	Contract amendments/ extensions/renewals without approval	Contract amendments/ extensions/ renewals resulted in circumvention of competitive bidding	Inadequate contract performance measures/ monitoring
Departments (including legislature)			
Arts and Culture			
Communications			
Defence			
Health			
Home Affairs			
Justice and Constitutional Development			
Labour			
National Treasury			
Public entities (including trading, constitutional institutions and other entities)			
Agricultural Research Council			
Council for the Built Environment			
Cross-Border Road Transport Agency			
Electricity Distribution Industry Holdings (Pty) Ltd			
Energy Sector Education and Training Authority			
International Trade Administration Commission (ITAC)			
National Heritage Council			
National Prosecuting Authority			
National Student Financial Aid Scheme			
Northern Flagship Institution			
Road Accident Fund			
SA Civil Aviation Authority			
State Information Technology Agency			
The Property Management Trading Entity			
The Public Protector of South Africa			

An analysis of the findings is provided in the paragraphs that follow.

Contract amendments/extensions/renewals without approval

In terms of TR 8.2.1, an official of an institution may not spend or commit public money except with the approval of the accounting officer or a duly delegated or authorised official.



At two departments and six public entities irregular expenditure was incurred as contracts were amended, extended or renewed without approval by the accounting officer or a delegated official.

Contract amendments/extensions/renewals resulted in circumvention of competitive bidding

In terms of sections 38(1)(a)(iii) and 51(a)(iii) of the PFMA, a SCM system must be fair, equitable, transparent, competitive and cost-effective. When a contract expires, it is expected that a competitive bidding process is followed to appoint a supplier to provide goods and services.

At one department and five public entities irregular expenditure was incurred as contracts were extended or renewed to such an extent that competitive bidding processes were circumvented.

Inadequate contract performance measures/monitoring

At six departments and seven public entities the performance measures and methods whereby some contracts were monitored were found to be inadequate.

5.2.4 SCM controls

The table below indicates the significant findings on SCM controls.

Table 29: Summary of significant findings on SCM controls

Departments and public entities	SCM controls						
	SCM policies in conflict with applicable legislation	Inadequate segregation of duties in procurement	No processes for SCM officials to report breaches/non-compliance	SCM officials not adequately trained	Risk assessment did not address procurement and contract management risks	Fraud prevention plan did not include specific measures for procurement	No internal audit evaluation of SCM compliance
Departments (including legislature)							
Agriculture, Forestry and Fisheries							
Arts and Culture							
Communications							
Cooperative Governance and Traditional Affairs							
Defence							
Government Communication and Information System							
Health							
Home Affairs							
Independent Complaints Directorate							
Justice and Constitutional Development							
Public Works							
Rural Development and Land Reform							
The Parliament							
Water Affairs and Forestry							
Public entities (including trading, constitutional institutions and other entities)							
African Institute of SA							
Agricultural Land Holdings Account							
Boxing SA							
Castle Control Board							
Commission for Conciliation, Mediation and Arbitration							
Commission on Gender Equality							
Council for Medical Schemes							
Council for the Built Environment							
Cross-Border Road Transport Agency							

Departments and public entities	SCM controls						
	SCM policies in conflict with applicable legislation	Inadequate segregation of duties in procurement	No processes for SCM officials to report breaches/non-compliance	SCM officials not adequately trained	Risk assessment did not address procurement and contract management risks	Fraud prevention plan did not include specific measures for procurement	No internal audit evaluation of SCM compliance
Die Afrikaanse Taalmuseum: Paarl							
Education, Training and Development Practices Sector Education and Training Authority							
Energy Sector Education and Training Authority							
Financial Intelligence Centre							
Government Printing Works							
Information Systems, Electronics and Telecommunications Technologies Training Authority							
Ingonyama Trust Board							
National Heritage Council							
National Regulator for Compulsory Specifications							
National Student Financial Aid Scheme							
Nelson Mandela Museum: Umtata							
Northern Flagship Institution							
Office of the Pension Funds Adjudicator							
Ports Regulator of South Africa							
Private Security Industry Regulatory Authority							
Robben Island Museum							
SA Civil Aviation Authority							
SA Institute for Drug Free Sport							
SA Medical Research Council							
Safety and Security Sector Education and Training Authority							
Sheltered Employment Factories							
South African National Biodiversity Institute							
State Information Technology Agency							
The Deeds Registration Trading Account							
The Property Management Trading Entity							
The Public Protector of South Africa							

Department's and public entities	SCM controls						
	SCM policies in conflict with applicable legislation	Inadequate segregation of duties in procurement	No processes for SCM officials to report breaches/non-compliance	SCM officials not adequately trained	Risk assessment did not address procurement and contract management risks	Fraud prevention plan did not include specific measures for procurement	No internal audit evaluation of SCM compliance
Tourism , Hospitality & Sport Education and Training Authority							
Universal Service Agency (USASA)							
Universal Service Fund (USAF)							
Water Research Commission							
Water Trading Account							
Williams Humphrey Art Gallery: Kimberley							
Windybrow Theatre							

An analysis of the findings is provided in the paragraphs that follow.

SCM policies in conflict with applicable legislation

The SCM policies and procedures were in conflict with the PFMA, Treasury Regulations and/or the PPPF Act and its regulations at two departments and nine public entities.

Inadequate segregation of duties in procurement

In order to prevent fraud, there should be segregation of duties between those individuals involved in making awards to suppliers and those making and approving payments to the suppliers. If such segregation is not possible, at the very least independent monitoring should be done or other compensating controls should be implemented.

At four departments and 10 public entities, instances were found where the same person was involved in selecting a supplier and in the payment process and no compensating controls could be identified.

No processes for SCM officials to report breaches/non-compliance

In terms of TR 16A8.5, an official in the SCM unit who becomes aware of a breach of or failure to comply with any aspect of the SCM system should immediately report such breach or failure to the accounting officer or accounting authority in writing.

At one department and 11 public entities processes had not been established for SCM officials to report these matters or, where processes were in place, the officials were not aware of such processes.

SCM officials were not adequately trained

In terms of TR 16A5.1, the officials implementing the institution's SCM system have to be trained and deployed in accordance with the requirements of the *Framework for minimum training and deployment* issued by the National Treasury. At two departments and 11 public entities SCM officials were not trained as required.

Risk assessment did not address procurement and contract management risks

In terms of sections 38(1)(a) and 51(1)(a) of the PFMA, the accounting officer/authority should have and maintain effective, efficient and transparent systems of financial and risk management. Furthermore, TR 16A3.2(d)(v) requires an SCM system to provide for risk management.

At eight departments and 13 public entities the risks relating to procurement and contract management were not assessed although risks are evident.

Fraud prevention plan did not include specific measures for procurement

In terms of TR 3.2.1 and TR27.2.1, a risk management strategy, which includes a fraud prevention plan, should be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. Furthermore, TR 16A9.1(a) requires that the accounting officer/authority should take all reasonable steps to prevent abuse of the SCM system.



Even though procurement is a major fraud risk area the fraud prevention plan of three departments and 21 public entities did not include specific measures for preventing and detecting fraud in the procurement process.

No internal audit evaluation of SCM compliance

In terms of TR 3.2.11 and TR27.2.10, the internal audit function should assist the accounting officer/authority in maintaining efficient and effective controls by evaluating controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The controls subject to evaluation should encompass the safeguarding of assets and compliance with laws and regulations.

At six departments and seven public entities where a high volume of goods and services are procured, non-compliance was identified by the AGSA and yet internal audit did not evaluate the controls, processes and compliance with SCM legislation and regulations.

5.2.5 Conclusion

Non-compliance with SCM legislation was largely responsible for the irregular expenditure incurred by both the departments and the public entities.

Since the irregular expenditure was disclosed as required by the PFMA, in most cases this did not result in the audit outcomes being modified. However, this does not detract from the severity of the transgressions in this regard. It is also important to note that 50% of the amounts disclosed were identified by the external auditors, indicating that the departments' and public entities' internal controls had failed to detect these deviations.

The implementation of controls to prevent irregular expenditure requires more focused attention from the accounting officers/authorities.

For employees or their close family members with an interest in suppliers, the applicable legislation was not always complied with. There was little improvement in respect of the findings in the AGSA's performance audit report dated August 2008.

Non-compliance with SCM legislation in procurement processes was more prevalent at the departments than at the public entities due to stricter procurement regulations at public entities.

Contract management weaknesses are more prevalent at departments than at public entities, especially regarding the extension, renewal and amendment of contracts and the adequacy of performance management. The underlying internal control deficiency for the above-mentioned findings and weaknesses is the inadequate implementation of internal controls which would prevent and detect non-compliance with SCM legislation.

5.3 Transversal performance audits

5.3.1 Performance audits completed during the financial year

Key messages on the outcomes contained in performance audit reports tabled included the following:

Projects that are funded by the National Development Agency (26 November 2009)

- In the majority of the cases pre-funding conditions were not met timeously by the beneficiaries as sufficient assistance to project beneficiaries to comply with the pre-funding conditions was not provided.
- The project reports submitted by the project beneficiaries did not meet the requirements of the signed contracts, but this was not timeously identified or not followed up by the National Development Agency's development management. Furthermore, action was not taken against development managers who failed to execute their functions with regard to the monitoring of financial and governance matters.
- Insufficient communication and coordination led to a poor turnaround time on all business processes, including project presentation, approval and payment, as the National Development Agency did not have an effective and efficient system to communicate with beneficiaries.
- Some projects were approved, while it was already clear that these projects could only be sustainable if they received additional funding. Projects were not monitored to assess their long-term sustainability. In addition, a baseline to measure the improvement as stipulated in the 2006-2011 strategic plan was not determined.
- Projects that did not comply with the contractual agreements were not followed up timeously, which resulted in projects not being discontinued in a timely manner. Procedures to recover funds from non-complying projects or to control funds allocated to projects once misappropriation or mismanagement had been identified, did not exist.

Handling of the rehabilitation of abandoned mines at the Department of Minerals and Energy (December 2009)

- No strategic or business plan existed for the rehabilitation of abandoned mines in South Africa.
- The department did not have an integrated information system to record and report on the status of mines.
- The organisational structure was not supportive of the department's objectives for the rehabilitation of abandoned mines.
- The department did not have any policies and procedures in place for budgeting of rehabilitation projects for abandoned mines.
- Communication channels were not defined or structured in a way that promotes accountability or service delivery.
- Project management for the asbestos mines rehabilitation projects was inefficient.

Handling of confiscated abalone at the Department of Environmental Affairs and Tourism (30 July 2009)

- A formal policy and/or guidelines regulating the receipt, storage, processing and disposal (handling) of confiscated abalone did not exist.
- The progress of court cases relating to abalone that had been confiscated and was not monitored. Furthermore, the department's records of samples of confiscated abalone kept for court purposes were incomplete.

- There was a delay in awarding the tenders for the processing of confiscated abalone and monitoring of the processing function, as well as signing of memorandums of agreement with the successful service providers.
- The work performed by the project monitoring team was not monitored to ensure that it was in accordance with the agreed contract.
- The processing of abalone did not take place on a rotational basis between the three service providers.

Forensic Chemistry Laboratories at the national Department of Health (26 January 2010)

- The Forensic Chemistry Laboratories were not accredited with the South African National Accreditation System, a section 21 company established in 1996 to ensure formal recognition that laboratories are competent to perform perceived tasks in accordance with international criteria.
- The Forensic Chemistry Laboratories are challenged by a high number of vacancies, especially at senior levels. The vacancy rate, plus an increase in cases received, resulted in an increased backlog.
- Recognition of scarce skills originated during January 2003 when the Department of Public Service and Administration issued a scarce skills framework to guide departments in developing departmental policies on scarce skills, with special emphasis on scientists working in scientific and technological areas. The Forensic Chemistry Laboratories had still not received any financial recognition as at 30 April 2009 for the scarce skills they possess. This had a negative effect on the morale of staff.
- Although the service provider had been requested since February 2005 to address accommodation needs, these were not adequately resolved.
- Ineffective planning and coordination with the Department of Public Works contributed to the lack of adequate back-up power supply systems. This had a negative effect on the operations of the Forensic Chemistry Laboratories, as expensive equipment was damaged and productivity lost.
- The capacity at the food analysis laboratory services did not allow for the provision of adequate food monitoring, proactive risk assessments or rapid response to food scares.
- The absence of clear guidelines from the South African Police Services contributed to the failure of various police stations to collect reports from the Forensic Chemistry Laboratories in time, which further delayed the finalisation of cases.
- A number of samples received by the Forensic Chemistry Laboratories for analysis were rejected as the South African Police Services did not meet the set criteria when samples were collected and stored, resulting in cases not going to court and thereby negatively affecting the criminal justice system.
- Analytical support to forensic pathologists and other clients in cases involving toxic substances could not be provided in an efficient and effective manner at the Johannesburg Forensic Chemistry Laboratory, as the toxicology section was not linked with the laboratory information management system to ensure accessible, timely and accurate information.

Infrastructure delivery

The AGSA also conducted performance audits of the infrastructure delivery process at the provincial departments of Health and Education as part of a transversal performance audit on infrastructure delivery. The audit was conducted as part of AGSA's focus on the Health and Education sectors where the availability of infrastructure plays an important role in service delivery. It was concluded during the audit that:

- the process followed to determine the need for new infrastructure was not always effective and the real needs were not always identified and prioritised to ensure effective service delivery in the Health and Education sectors.

- the applicable legislation and regulations were not always adhered to in awarding contracts. Furthermore, in some instances the contractors were awarded multiple contracts without taking their capacity to complete all the projects into account. This led to failure to complete some or all of the projects within the allocated time at the required level of quantity.
- the construction of schools, hospitals and clinics was not completed on time and/or within the allocated budget and at the required standard of quality.
- schools, hospitals and clinics were not always commissioned as planned and in some instances the facilities were not fully utilised after commissioning.

The department responded positively to the recommendations to address the shortcomings in the performance audit reports. Various improvements in management processes have been introduced to improve the planning, management and monitoring of activities to ensure improved service delivery. Furthermore, executive authorities indicated that they were in the process of improving the skills of their staff through dedicated training. Processes have been introduced to strengthen the coordination between role players. In addition, procedures have been included in the regularity audits to address the findings from the performance audits.

Various insufficient management processes (policy-making, planning, organising, coordination and monitoring) were identified during the performance audit of the infrastructure delivery process, which will be included in the final report on this subject.

5.4 Investigation conducted by the AGSA

5.4.1 Investigations in progress

Public entities

Commission for Conciliation, Mediation and Arbitration (CCMA)

- Investigation into the allegations that certain service providers were appointed without following the approved procurement process.
- Allegations that the CCMA had incurred fruitless and wasteful expenditure, namely:
 - (i) Subsistence and travelling cost of some commissioners.
 - (ii) Pay-as-you-earn not deducted for part-time commissioners.
 - (iii) Contributions of employees to the Provident Fund were not paid timeously to investors.
- Allegations that the risk manager and human resource manager had been appointed without following due process.

Commission for Gender Equality (CGE)

- The investigation was conducted on the basis of allegations relating to improper conduct at the CGE. The investigation report highlights various irregularities and inefficiencies in the operations of the CGE and also a lack in leadership within the CGE.

5.4.2 Investigations completed during the financial year

Departments

Water Affairs

- Investigation into the allegations that service providers were appointed without following the approved procurement process.

Public entities

Companies and Intellectual Property Registration Office (CIPRO)

The investigation focused on the:

- awarding by the State Information Technology Agency (SITA) of the transversal framing term contract to certain service providers for the supply of Enterprise Content Management solutions
- procurement by CIPRO of the Enterprise Content Management system by utilising SITA's transversal framing term contract.

South African Broadcasting Corporation (SABC)

Supply chain management

- The role of a senior manager with business interests in the music industry and in the various music awards organised by the SABC.
- A manager in the Sport Division was accused of owning a production company that does work for the SABC.
- Interference relating to tender processes at the SABC.
- Non-declaration of other business interests by staff members of the SABC.

Fruitless and wasteful expenditure

- Legal costs relating to the suspension of the former GCEO of the SABC
- Security costs, including car hire, for the former chairperson of the SABC board
- Legal costs relating to a high court case
- The use of external companies to conduct investigations on members of the SABC board
- Use of petrol cards by senior management of the SABC
- Presidential golf day
- Conferences, entertainment and catering
- Gifts
- Consultants
- Bursaries
- The acquisition of programme content without consultation or a needs analysis, including sports and content rights – such content was acquired and then not utilised.
- Possible wasteful expenditure for the acquisition of international programme content.

Human resource-related issues

- Payment of a severance package to the former GCEO of the SABC.
- Granting of leave to a group executive by the former chairperson of the SABC board.
- The suspension of an executive member of management by the former GCEO without consulting the SABC board.

SECTION 6: CONSOLIDATED FINANCIAL STATEMENTS

In terms of section 8 of the PFMA, the National Treasury is required to prepare consolidated financial statements in accordance with generally recognised accounting practice in respect of national departments, public entities under the ownership control of the national executive, constitutional institutions, the South African Reserve Bank, the Auditor-General and Parliament.

The National Treasury has instead prepared two separate sets of consolidated financial statements, with the public entities having significantly different bases of accounting. At this stage it is not possible to consolidate the financial affairs of all the public entities into one set of financial statements as the processes to allow for the elimination of inter-entity transactions are not in place. In addition, shareholding of these public entities is vested in different departments. The accounting framework does not allow for the consolidation of financial statements in these instances. We have raised a finding concerning non-adherence to section 8(1)(a) of the PFMA.

The AG issues two separate audit reports for consolidated financial statements of departments and entities. Agreed-upon procedures are performed on the consolidated national entities. An audit opinion is expressed on the consolidated national departments.

Audit outcomes – Consolidated national departments

Table 30: Areas qualified on consolidated financial statements

Area qualified	2009-10	2008-09
Capital assets		
Revenue		
Expenditure		
Unauthorised, irregular, and fruitless and wasteful expenditure		

2009-10 financial year

Audit outcome – qualified

Reasons for qualification:

- Immovable tangible capital assets
 - o Inadequate asset registers were kept at the Departments of Public Works, Water Affairs and Rural Development and Land Reform, resulting in the auditor's inability to verify the completeness, existence and valuation of and rights and obligations regarding the assets.
- Movable tangible and intangible assets
 - o Inadequate asset registers were kept at the Departments of Defence, Home Affairs and Correctional Services, resulting in the auditor's inability to verify the completeness of the assets.
 - o No supporting documents were available to substantiate adjustments to prior year opening balance at the Department of Correctional Services.
 - o At the Department of Water Affairs the closing balance for movable tangible assets did not agree with the amount on the asset register. The differences could not be adequately explained.

- Public Private Partnership (PPP) assets
 - At the Department of Labour the closing balance for PPP assets did not agree with the amount on the asset register. The differences could not be adequately explained due to the inadequate maintenance of the PPP asset register.
- Irregular expenditure
 - At the Departments of Justice and Constitutional Development, Public Works and Communications irregular expenditure relating to contravention of supply chain management regulations was identified. The auditor could not verify the completeness of irregular expenditure disclosed.
- Transfers and subsidies
 - The occurrence of significant social grant expenditure disclosed by the Department of Social Development could not be verified due to unavailability and incompleteness of grant files kept at the South African Social Security Agency (SASSA).

2008-09 financial year

Audit outcome – qualified

Reasons for qualification:

- Immovable tangible assets
 - Inadequate asset registers were kept at the Departments of Public Works and Rural Development and Land Reform, resulting in the auditor's inability to verify the completeness and valuation if and rights and obligations relating to the assets.
- Movable tangible assets
 - Inadequate asset registers were kept at the Departments of Labour, Justice and Constitutional Development, Defence and Home Affairs, resulting in the auditor's inability to verify the completeness of the assets.
 - The Department of Correctional Services had made additions to assets in its asset register. Most of these additions were not included in the consolidated financial statements. An adequate explanation could not be provided for the difference.
- Departmental revenue
 - For the Departments of Home Affairs and Health the accuracy of departmental revenue could not be verified due to inadequate supporting documentation.
 - At the Departments of Defence and Justice and Constitutional Development departmental revenue was not accurate and complete.
- Irregular expenditure
 - At the Department of Justice and Constitutional Development the accuracy of condoned irregular expenditure could not be verified.
 - At the Department of Defence irregular expenditure was understated by more irregular expenditure lacking supporting documentation.

The audit outcome has remained unchanged from the previous year. Where departmental revenue is no longer a qualification area for the current year, two other qualification areas have arisen in the current year, namely irregular expenditure and transfers and subsidies. The unavailability of supporting documentation at departments remains the main reason for the qualified audit opinion.

Audit outcomes – Consolidated public entities

For both 2008-09 and 2009-10 the outcome of the agreed-upon procedures for the public entities was as follows:

Of the five procedures, four were successfully performed. The one procedure, which involved confirming the list of entities not consolidated and not included in the PFMA listing, could not be performed as the completeness of the list could not be verified.

SECTION 7: STATUS OF TABLING OF ANNUAL REPORTS

In accordance with section 65(1)(a) of the PFMA, the executive authority responsible for a department or public entity should table in the National Assembly the annual report and the financial statements within one month of receipt of the audit report. Details of the annual reports tabled are listed in the table below.

7.1 Summary of annual reports tabled

Table 31: Annual reports tabled by departments public entities

Type of auditee	Percentage of reports tabled at 31 August 2010	
	2009-10	2008-09
Departments	100%	100%
Public entities	96%	100%
Total	98%	100%

7.2 List of public entities whose annual reports were not tabled, together with reasons

Table 32: Annual reports not tabled for 2009-10

Auditee	Reason(s)	Date tabled
Public Security Industry Regulatory Authority	Delays in presenting the finalised report to Parliament	2 November 2010
Third Party Funds (Monies in Trust)	No financial statement has been submitted for audit as yet.	Not yet determined
Northern Flagship Institution	There were delays in printing the annual report	23 September 2010
Energy SETA	Capacity constraints, CEO dismissed and account authority is suspended	13 October 2010
South African Social Security Agency (SASSA)	Financial statements were received late	Not yet tabled, planned date is December 2010
Road Traffic Management Corporation	Financial statements were received late	Not yet determined
National Youth Commission	Financial statements were received late	11 October 2010
National Youth Development Agency (NYDA)	Audit report only signed on 16 September 2010 due to the late submission of the financial statements for auditing	11 October 2010

PART B - AUDITS NOT CONDUCTED BY THE AGSA

SECTION 8: OVERVIEW OF AUDIT OUTCOMES

Introduction

This section includes a summary of the audit outcomes of the major public entities listed in schedule 2 of the PFMA for 2009-10 that were not audited by the AGSA. Reporting has been limited to the group financial statements where this is applicable and does not cover each subsidiary of these entities. The inclusion of these entities in the general report is intended to promote transparency and accountability with regard to their audit outcomes. The extent of the information reported pertaining to these entities will be improved in the years to come. This will be brought about through improved monitoring, as required by the PAA, and by improved interaction with all the relevant stakeholders.

Background

The AG performs his audit functions in terms of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA). Section 4(3) of the PAA gives the AG the authority to audit any public entity listed and other institutions referred to in the PFMA, 1999 (Act No. 1 of 1999). However, in terms of section 25(1)(a) of the PAA, the AG may opt not to perform some of these audits.

As indicated in paragraph 19 of *General Notice 1570 of 2009*, issued in *Government Gazette 32758 of 27 November 2009*, issued in terms of section 13(1)(b) of the PAA, these entities may proceed to appoint their own auditors in terms of 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.

Although the AG has opted not to perform the audits of certain public entities, some oversight processes have been put in place by the AGSA as regards these entities. In *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009* (*General Notice 1570*) the AG prescribed certain requirements concerning:

- the appointment and discharge of the auditors
- duties and powers of the auditors
- requirements concerning audit reports
- actions to taken where the said requirements are not met.

In addition, the AGSA has implemented the following:

- Information sessions with the responsible audit firms on reporting and other requirements
- Attendance at audit committee meetings of the public entities
- Assistance with SCOPA briefings
- A monitoring checklist on compliance with the aforesaid *General Notice*.

8.1 Audit outcomes of major public entities

There are 21 major public entities listed in schedule 2 to the PFMA. The audit outcomes for the major public entities audited by AGSA (four entities) are presented in part A of this report. The audit outcomes for major public entities not audited by the AGSA (17 entities) are presented in this part of the report. As stated above, the analysis of audit outcomes has been limited to the group financial statements of these entities, where applicable, even though all subsidiaries of these entities are in their own right also listed as major public entities in terms of the PFMA. The major public entities not audited by the AGSA are:

Air Traffic Navigation Services
 Airports Company of SA Limited
 Alexkor Limited
 Broadband Infraco (Pty) Ltd
 Denel (Pty) Ltd
 Development Bank of Southern Africa
 Eskom
 Industrial Development Corporation of SA
 Pebble Bed Modular Reactor
 South African Airways (Pty) Limited
 South African Broadcasting Corporation
 South African Express (Pty) Limited
 South African Forestry Company Limited
 South African Post Office Limited
 Telkom Limited
 Trans-Caledon Tunnel Authority
 Transnet Limited

Table 33: Summary of audit outcomes on audits not conducted by the AGSA

Audit outcomes	Schedule 2 entities
Opinion on financial statements:	
Disclaimer	0
Adverse	0
Qualified	0
Financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations	4
Financially unqualified with no findings on predetermined objectives or compliance with laws and regulations	13
Total number of audits reported on	17
Number of audits not finalised at 30 September 2010	0
Total number of audits	17
Predetermined objectives	3
Compliance with laws and regulations	4

Funding of operations/financial sustainability/going concern

Four entities reported on their ability to continue as a going concern in the future. The details are indicated in the table below.

Table 34: Entities with concerns related to funding of operations/ financial sustainability/ going concern

Entity	Reason(s)
Alexkor Limited	The Company has insufficient cash resources to meet its operating cash requirements for the foreseeable future. There is significant doubt about the ability of the Company to continue as a going concern in the longer term without the establishment of the Pooling and Sharing Joint Venture, as determined in the Deed of Settlement with the local community, and commencement of sustainable mining activities.
Denel (Pty) Ltd	The Group incurred a total comprehensive loss of R205 million (2009: R498 million) for the year which resulted in an accumulated loss of R4 878 million at 31 March 2010 (2009: R4 697 million).
SAA Technical (Pty) Ltd	South African Airways (Pty) Ltd has subordinated R1,8 billion (2008-09: R1,5 billion) of its loan to SAA Technical (Pty) Ltd for as long as the liabilities of SAA Technical (Pty) Ltd exceed its assets fairly valued.
Pebble Bed Modular Reactor (Pty) Ltd	Approval was received to rationalise operations and structures to a level where available funding is sufficient for operations and commitments until March 2013, primarily to protect the investment made to date.

Irregular and fruitless and wasteful expenditure incurred during the year

Irregular expenditure

The irregular expenditure amounting to R1 billion was disclosed at two of 17 entities as indicated in the table below.

Table 35: Irregular expenditure

Type of entity	SCM related	
	%	R'000
Transnet Limited	2%	867 000
South African Broadcasting Corporation	2%	187 255
Total	4%	1 054 255

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure to the amount of R103 million, incurred at six out of 17 entities as detailed in the table below, mainly relates to supply chain management and interest and penalties paid.

Table 36: Fruitless and wasteful expenditure

Type of entity	Supply chain	Interest and penalties	Other
	R'000	R'000	R'000
Schedule 2			
Denel Personnel Solutions (Pty) Ltd	-	-	3
Air Traffic Navigation Services	-	-	2
South African Broadcasting Corporation	12 000	11 174	13 632
Transnet Limited	18 000	-	
ESKOM	47 000	-	
Broadband Infraco (Pty) Ltd	844	-	
Total	77 844	11 174	13 637

Material losses and material impairment of assets

Material losses and material impairment of assets amounting to R7,1 billion, incurred at five of the 17 entities, are detailed in the table below.

The material losses relate to conductor theft, including copper, cable transformers and tower-related structures.

The material impairments relate to trade receivables, inventory or property, plant and equipment.

Table 37: Material losses and material impairment of assets

Type of auditee	Material losses	Material impairment of assets
	R'000	R'000
Schedule 2		
ESKOM	45 600	668 000
South African Post Office Limited		5 100 000
South African Broadcasting Corporation		33 670
Transnet Limited		778 000
Denel (Pty) Ltd		437 000
	45 600	7 016 670

8.2 Findings on reporting on predetermined objectives

Findings as per sub-headings in the audit report

Three of the 17 public entities had findings on performance against predetermined objectives. Further details of the findings above are as follows:

Table 38: Findings on reporting on predetermined objectives

Name of entity	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Reported information not submitted in time for audit
Schedule 2 entities				
South African Broadcasting Corporation				
South African Airways				
Alexkor Ltd				
Number of entities with findings	3	3	2	1

Non-compliance with regulatory requirements

Findings relate mainly to a lack of reporting on performance against predetermined objectives, lack of effective, efficient and transparent systems and internal controls regarding performance management and a lack of or inadequate quarterly reporting on performance against predetermined objectives.

Usefulness of information on performance against predetermined objectives

Usefulness of information refers to the reported information being consistent with the objectives and targets, with targets clearly linked to the mandate and objective of the institution. Furthermore, targets have to be specific, clearly identifying the nature and required level of performance, as well as measurable and time bound.

Reported information on performance against predetermined objectives not reliable

"Reported performance against predetermined objectives not reliable" implies that sufficient appropriate evidence is not available in relation to reported information, an inappropriate system to generate the information, and that the evidence provided does not support the reported information and is not accurate, valid and complete.

During the 2010-11 financial year entities will have to take decisive action to address the areas requiring improvement in order to position themselves for a positive audit outcome on predetermined objectives in the years to come.

8.3 Findings on compliance with laws and regulations

In total, three out of 17 audits (18%) had findings on compliance with laws and regulations. The areas of non-compliance relate to the PFMA and Treasury Regulations. The top three areas are listed in the chart below.

Table 39: Summary of audit findings on compliance with laws and regulations for audits not conducted by the AGSA

Top 3 categories	Number
General responsibilities of accounting authorities	2
No internal audit unit	2
Audit committee did not fulfil required responsibilities	1



Further detail for the above table is as follows:

Table 40: Summary of entities with findings on compliance with laws and regulations for audits not conducted by the AGSA

Entities	Areas of non-compliance		
	Audit committee	General responsibilities of accounting authorities	Internal Audit
Schedule 2 entities			
South African Broadcasting Corporation			
Alexkor Limited			
South African Airways (Pty) Limited			
Number of findings	1	2	2

8.4 Investigations conducted by the AGSA

South African Airways (Pty) Ltd

A special investigation into supply chain management was finalised at the South African Airways (Pty) Ltd during the year under review. Management undertook to implement the necessary corrective actions.

South African Broadcasting Corporation

(Refer to section 5.4.1)

SECTION 9: STATUS OF TABLING OF ANNUAL REPORTS OF SCHEDULE 2 ENTITIES

In accordance with section 65(1)(a) of the PFMA, the executive authority responsible for a public entity should table in the National Assembly the annual report and the financial statements within one month of receipt of the audit report. Details of the annual reports tabled are listed in the table below.

9.1 Summary of annual reports tabled

Table 41: Annual reports tabled by public entities

Type of auditee	Percentage of reports tabled at date of this report	
	2009-10	2008-09
Schedule 2	100%	100%

CONCLUSION

The AGSA has embarked on a drive to positively influence the audit outcomes of departments and public entities by promoting the practice of institutionalising decisive leadership, quality financial and performance management and strong governance on a daily basis.

The matters highlighted throughout this report relate to the three fundamentals which should be addressed to achieve sustained clean administration.

Leadership

Departments and public entities should focus on addressing shortcomings regarding controls over capital assets, both movable and immovable, compliance with legislation and the increasing trend in the incurrence of irregular expenditure.

Certain public entities need to take committed steps in improving their financial administration to avoid qualified opinions. The immediate focus should be on addressing shortcomings concerning the accuracy of current assets, liabilities and expenditure and also the completeness of capital assets, revenue and other general issues. In addition, a concerted effort should be made to ensure that matters concerning the measurement and reporting on predetermined objectives and compliance with laws and regulations are given attention to prevent recurring findings on these matters.

The executives should also focus specifically on their fiduciary responsibilities concerning public entities where certain entities have not prepared financial statements or reports on predetermined objectives.

Financial and performance management

The quality and completeness of financial information depend on well-designed and secure computerised systems. In the national portfolio, matters relating to the transversal systems require specific attention, with the focus on user access controls, security management and other IT governance matters.

The financial management systems should be enhanced to enable management to produce regular financial statements to ensure that possible material misstatements are detected before the audit commences. Monthly reconciliations should become an embedded discipline for all account balances and should be monitored at the appropriate level.

It is also important that departments and public entities ensure that the necessary systems and controls are in place which will result in accurate reporting, continuous monitoring of achievement of the measurable objectives and overall compliance with the reporting requirements in respect of predetermined objectives.

Governance

Regular risk assessments should be conducted and strategies put in place to address the risks identified. A fully operational internal audit function is crucial in assisting management to establish a sound internal control environment and to perform ongoing evaluation and monitoring of management's compliance with pre-defined controls and progress in implementing the action plans. These governance structures should be critically questioned and monitored by the audit committee to ensure their objectivity.

In conclusion

To reiterate the underlying message of this report to oversight bodies, those charged with governance and management: it is possible to obtain an unqualified audit report and achieve clean administration if the fundamentals of internal control are institutionalised and constantly monitored by the leadership. The challenges are not insurmountable and the staff of the AGSA remain committed to assisting in the process of identifying and communicating good practices to improve governance and accountability, so as to build public confidence in government's ability to account for public resources in a transparent manner.

ANNEXURES TO GENERAL REPORT

Annexure 1	Listing of audit outcomes, areas qualified and findings on predetermined objectives
Annexure 2A	Drivers of audit outcomes (departments)
Annexure 2B	Drivers of audit outcomes (public entities)
Annexure 3A	Listing of auditees with findings related to compliance with laws and regulations (departments)
Annexure 3B	Listing of auditees with findings related to compliance with laws and regulations (public entities)
Annexure 4	Listings of auditees with irregular, fruitless and wasteful expenditure and material losses
Annexure 5	Listing of auditees with findings related to IT focus areas

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
Departments														
1	Agriculture, Forestry and Fisheries	Financially unqualified with findings	Financially unqualified with findings											
2	Arts and Culture	Financially unqualified with findings	Financially unqualified with findings											
3	Communications	Qualified	Financially unqualified with findings											
4	Cooperative Governance and Traditional Affairs	Financially unqualified with findings	Qualified											
5	Correctional Services	Qualified	Qualified											
6	Defence	Qualified	Financially unqualified with findings											
7	Education	Financially unqualified with findings	Financially unqualified with findings											
8	Environmental Affairs and Tourism	Financially unqualified with no findings	Financially unqualified with no findings											
9	Government Communication and Information System	Financially unqualified with findings	Financially unqualified with no findings											
10	Health	Financially unqualified with findings	Qualified											
11	Home Affairs	Qualified	Qualified											
12	Human Settlements	Financially unqualified with findings	Financially unqualified with findings											
13	Independent Complaints Directorate	Financially unqualified with findings	Qualified											
14	International Relations and Co-operation	Financially unqualified with no findings	Financially unqualified with findings											
15	Justice and Constitutional Development	Qualified	Qualified											
16	Labour	Qualified	Qualified											
17	Minerals and Energy	Qualified	Financially unqualified with findings											
18	National Treasury	Financially unqualified with findings	Financially unqualified with no findings											
19	National Treasury Consolidation	Qualified	Qualified											
20	Police	Financially unqualified with findings	Financially unqualified with no findings											
21	Public Admin and Leadership Management Academy	Financially unqualified with findings	Financially unqualified with findings											
22	Public Enterprises	Financially unqualified with no findings	Financially unqualified with no findings											

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				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
23	Public Service and Administration	Financially unqualified with findings	Financially unqualified with findings											
24	Public Service Commission	Financially unqualified with findings	Financially unqualified with findings											
25	Public Works	Qualified	Qualified											
26	Rural Development and Land Reform	Qualified	Qualified											
27	Science and Technology	Financially unqualified with findings	Financially unqualified with no findings											
28	Social Development	Qualified	Financially unqualified with findings											
29	Sport and Recreation	Financially unqualified with findings	Qualified											
30	Statistics South Africa	Financially unqualified with no findings	Financially unqualified with findings											
31	The Parliament	Financially unqualified with findings	Financially unqualified with findings											
32	The Presidency	Financially unqualified with findings	Qualified											
33	Trade and Industry	Financially unqualified with findings	Financially unqualified with findings											
34	Transport	Financially unqualified with findings	Financially unqualified with findings											
35	Water Affairs and Forestry	Qualified	Financially unqualified with findings											
Public entities														
1	AEC Amersham (Pty) Ltd (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
2	African Exploration Mining and Finance Corporation (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with no findings											
3	African Institute of SA	Financially unqualified with findings	Financially unqualified with findings											
4	African Renaissance & International Co-operation Fund	Financially unqualified with no findings	Financially unqualified with findings											
5	Agricultural Land Holding Account	Financially unqualified with findings	New entity											
6	Agricultural Research Council	Financially unqualified with findings	Qualified											
7	Agriculture Seta (AGRISETA)	Financially unqualified with no findings	Financially unqualified with no findings											
8	Aresco Human Capital (Pty) Ltd (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and frivolous and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
9	Armaments Corporation of SA Ltd	Financially unqualified with no findings	Financially unqualified with no findings											
10	Armscor Business (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with no findings											
11	Artscape	Financially unqualified with no findings	Financially unqualified with no findings											
12	Autopax (Pty) Ltd	Financially unqualified with findings	New entity											
13	Banking Seta (Bankseta)	Financially unqualified with no findings	Financially unqualified with no findings											
14	Boxing SA	Financially unqualified with findings	Qualified											
15	Carbon Stream Africa (Pty) Ltd	Financially unqualified with findings	Financially unqualified with no findings											
16	Castle Control Board	Financially unqualified with findings	Financially unqualified with findings											
17	CCE Solutions	Financially unqualified with findings	Financially unqualified with no findings											
18	CCOD (Mines & Works)	Adverse	Adverse											
19	CEE Carbon	Financially unqualified with findings	Financially unqualified with no findings											
20	Central Energy Fund (Pty) Ltd (CEF)	Financially unqualified with findings	Financially unqualified with findings											
21	Chemical Industries Seta (CHIEA)	Financially unqualified with no findings	Financially unqualified with no findings											
22	CIPRO	Financially unqualified with findings	Qualified											
23	Clothing, Textiles Seta (CTL SETA)	Financially unqualified with no findings	Financially unqualified with findings											
24	Commission for Conciliation, Mediation & Arbitration (CCMA)	Financially unqualified with findings	Financially unqualified with findings											
25	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	Financially unqualified with findings	Financially unqualified with findings											
26	Compensation Fund	Qualified	Disclaimer											
27	Competition Commission	Financially unqualified with findings	Financially unqualified with findings											
28	Competition Tribunal	Financially unqualified with findings	Financially unqualified with no findings											
29	Construction Industry Development Board	Financially unqualified with findings	Qualified											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
30	Construction Seta (CETA)	Financially unqualified with findings	Qualified											
31	Cotec Development (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
32	Cotec Paratrade (Pty) Ltd (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
33	Council for Geoscience	Financially unqualified with no findings	Financially unqualified with findings											
34	Council for Medical Schemes	Financially unqualified with findings	Financially unqualified with findings											
35	Council for Scientific & Industrial Research	Financially unqualified with no findings	Financially unqualified with findings											
36	Council for the Built Environment	Financially unqualified with findings	Qualified											
37	Council of Mineral Technology (MINTEK)	Financially unqualified with no findings	Financially unqualified with findings											
38	Council on Higher Education	Financially unqualified with no findings	Financially unqualified with no findings											
39	Criminal Asset Recovery Account	Financially unqualified with findings	Financially unqualified with findings											
40	Cross-Border Road Transport Agency	Qualified	Qualified											
41	Cyclotiff (necso)	Financially unqualified with no findings	Financially unqualified with no findings											
42	Cyclotape (Pty) Ltd (necso)	Financially unqualified with no findings	Financially unqualified with no findings											
43	Die Afrikaanse Taalmuseum: Paarl	Qualified	Qualified											
44	Disaster Relief Fund	Financially unqualified with no findings	Financially unqualified with no findings											
45	Driving License Card Trading Account (DLCTA)	Financially unqualified with findings	Financially unqualified with findings											
46	Education Labour Relations Council	Financially unqualified with no findings	Financially unqualified with no findings											
47	Education Seta (ETDP SETA)	Financially unqualified with no findings	Financially unqualified with findings											
48	Electricity Distribution Industry Holdings (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with findings											
49	Energy Africa Rehabilitation (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
50	Energy Seta (ESETA)	Disclaimer	Disclaimer											
51	Equalisation Fund	Financially unqualified with findings	Financially unqualified with no findings											
52	Erasmusdand Hendomme (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with no findings											

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				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and frivolous and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
53	Erf 706 Rietfontein	Financially unqualified with no findings	Financially unqualified with no findings											
54	ETA Energy (Pty) Ltd (CEF)	Financially unqualified with findings	Financially unqualified with findings											
55	Film & Publication Board	Financially unqualified with no findings	Qualified											
56	Financial Intelligence Centre	Financially unqualified with no findings	Financially unqualified with findings											
57	Financial Services Board	Financially unqualified with no findings	Financially unqualified with no findings											
58	Financial Seta (FASSET)	Financially unqualified with no findings	Financially unqualified with no findings											
59	Fluoro Pack (Pty) Ltd (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
60	Fluorochem (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
61	Fluoropharm (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
62	Food & Beverages Seta (FOODBEV)	Financially unqualified with no findings	Financially unqualified with no findings											
63	Forest Industries Seta (FIETA)	Financially unqualified with no findings	Financially unqualified with no findings											
64	Freedom Park	Financially unqualified with no findings	Financially unqualified with no findings											
65	Gamma Film Industries (Pty) Ltd	Financially unqualified with no findings	New entity											
66	Gammafec NDT Supplies (Pty) Ltd	Financially unqualified with no findings	New entity											
67	Government Printing Works	Financially unqualified with findings	Qualified											
68	Guardian Fund	Financially unqualified with findings	Financially unqualified with findings											
69	Health & Welfare Seta (HWSETA)	Financially unqualified with no findings	Financially unqualified with no findings											
70	High School Voretoe Disaster Fund	Financially unqualified with no findings	Financially unqualified with no findings											
71	Human Science Research Council	Financially unqualified with no findings	Financially unqualified with findings											
72	Independent Development Trust	Financially unqualified with findings	Financially unqualified with findings											
73	Independent Electoral Commission	Qualified	Financially unqualified with findings											
74	Independent Regulatory Board for Auditors	Financially unqualified with no findings	Financially unqualified with findings											
75	Information Systems Seta (ISSET)	Financially unqualified with no findings	Financially unqualified with findings											

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				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
76	Ingonyama Trust Board	Qualified	Qualified											
77	Institute for Maritime Technology (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with no findings											
78	Insurance Seta (INSETA)	Financially unqualified with findings	Financially unqualified with findings											
79	International Marketing Council	Financially unqualified with findings	Financially unqualified with findings											
80	International Trade Administration Commission (ITAC)	Financially unqualified with findings	Financially unqualified with findings											
81	iSimangaliso Wetland Park	Financially unqualified with no findings	Financially unqualified with no findings											
82	Iziko Museums of Cape Town	Financially unqualified with findings	Financially unqualified with findings											
83	Klippoortekoolmyne (Pty) Ltd (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
84	KwaZulu-Natal Performing Arts Company	Financially unqualified with findings	Financially unqualified with no findings											
85	Land and Agricultural Development Bank of South Africa	Financially unqualified with no findings	Financially unqualified with findings											
86	Legal Aid Board	Financially unqualified with no findings	Financially unqualified with no findings											
87	Local Government Seta (LGWSETA)	Financially unqualified with findings	Financially unqualified with findings											
88	Luthuli Museum	Financially unqualified with findings	Financially unqualified with findings											
89	Mahnes Areas (Pty) Ltd (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
90	Manufacturing & Engineering Seta (MERSETA)	Financially unqualified with no findings	Financially unqualified with no findings											
91	Marine Living Resources Fund	Financially unqualified with no findings	Financially unqualified with no findings											
92	Market Theatre Foundation	Financially unqualified with no findings	Financially unqualified with findings											
93	Media & Publishing Seta (MAPP SETA)	Financially unqualified with no findings	Qualified											
94	Media Development and Diversity Agency	Financially unqualified with no findings	Financially unqualified with findings											
95	MINDEV (Pty) Ltd	Financially unqualified with findings	Financially unqualified with no findings											
96	Mine Health and Safety Council	Financially unqualified with no findings	Financially unqualified with findings											
97	Mining Qualifications Authority (MQA)	Financially unqualified with findings	Financially unqualified with findings											
98	Msunduzi/Voorrekkers Museum: Pietermaritzburg	Financially unqualified with no findings	Financially unqualified with no findings											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and frivolous and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
99	Municipal Demarcation Board	Financially unqualified with findings	Financially unqualified with findings											
100	Natal Museum: Pietermaritzburg	Financially unqualified with no findings	Financially unqualified with no findings											
101	National Agricultural Marketing Council	Financially unqualified with no findings	Financially unqualified with findings											
102	National Arts Council of South Africa	Qualified	Financially unqualified with findings											
103	National Consumer Tribunal	Financially unqualified with findings	Financially unqualified with no findings											
104	National Credit Regulator	Financially unqualified with no findings	Financially unqualified with no findings											
105	National Development Agency	Financially unqualified with no findings	Financially unqualified with findings											
106	National Electronic Media Institute of SA	Financially unqualified with findings	Financially unqualified with no findings											
107	National Energy Regulator of South Africa (NERSA)	Financially unqualified with no findings	Financially unqualified with findings											
108	National Film and Video Foundation of South Africa	Financially unqualified with no findings	Financially unqualified with findings											
109	National Gambling Board	Financially unqualified with findings	Financially unqualified with findings											
110	National Heritage Council	Financially unqualified with findings	Financially unqualified with findings											
111	National Home Builders Registration Council	Financially unqualified with findings	Financially unqualified with findings											
112	National Library of South Africa	Financially unqualified with findings	Financially unqualified with findings											
113	National Lotteries Board	Financially unqualified with findings	Financially unqualified with findings											
114	National Lottery Distribution Trust Fund	Financially unqualified with no findings	Financially unqualified with findings											
115	National Museum: Bloemfontein	Financially unqualified with findings	Financially unqualified with findings											
116	National Nuclear Regulator (NNR)	Financially unqualified with no findings	Financially unqualified with findings											
117	National Prosecuting Authority	Qualified	Qualified											
118	National Regulator for Compulsory Specifications	Financially unqualified with findings	Financially unqualified with findings											
119	National Research Foundation	Financially unqualified with no findings	Financially unqualified with findings											
120	National Skills Fund	Financially unqualified with findings	Financially unqualified with findings											
121	National Student Financial Aid Scheme	Disclaimer	Disclaimer											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
122	National Supplies Procurement Fund (Part of DTI)	Financially unqualified with no findings	Financially unqualified with findings											
123	National Youth Commission	Audit not finalised at legislated date	Disclaimer											
124	National Youth Development Agency	Financially unqualified with findings	New entity											
125	Nelson Mandela Museum: Umtata	Financially unqualified with findings	Financially unqualified with findings											
126	Northern Flagship Institution	Financially unqualified with findings	Financially unqualified with findings											
127	NTP Logistics (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
128	NTP Radioisotopes (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
129	Oil Pollution Control SA (CEF)	Financially unqualified with findings	Financially unqualified with no findings											
130	Osspark (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with no findings											
131	Pan African Mineral Development Co	Financially unqualified with findings	Financially unqualified with no findings											
132	Pan SA Language Board	Financially unqualified with findings	Financially unqualified with findings											
133	Passenger Rail Agency of South Africa	Financially unqualified with findings	Financially unqualified with findings											
134	Pelchem (Pty) Ltd (necsa)	Financially unqualified with no findings	Financially unqualified with findings											
135	People and Parks Development	Financially unqualified with no findings	Financially unqualified with no findings											
136	Performing Arts Centre of the Free State	Qualified	Qualified											
137	Performing Arts Centre of the Free State trading as MACUFE	Qualified	Qualified											
138	Petroleum Agency SA (Pty) Ltd (CEF)	Financially unqualified with no findings	Financially unqualified with findings											
139	PetroSA Brass (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
140	PetroSA Egypt (CEF)	Financially unqualified with no findings	Financially unqualified with findings											
141	PetroSA Equatorial Guinea (SA) (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
142	PetroSA Gryphon Marin Permit (CEF)	Financially unqualified with findings	Financially unqualified with no findings											
143	PetroSA Iris (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											

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Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and frivolous and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
144	PetroSA North America Inc. (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
145	PetroSA Sudan (CEF)	Financially unqualified with no findings	Financially unqualified with findings											
146	PetroSA Syntels International (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
147	PetroSA Themis (CEF)	Financially unqualified with no findings	Financially unqualified with no findings											
148	Pharmatopes (Pty) Ltd	Financially unqualified with no findings	New entity											
149	Ports Regulator of South Africa	Financially unqualified with findings	Financially unqualified with findings											
150	President's Fund	Financially unqualified with findings	Financially unqualified with findings											
151	Private Security Industry Regulatory Authority	Qualified	Disclaimer											
152	Project Development Facility Trading Account	Financially unqualified with no findings	Financially unqualified with findings											
153	Property Management Trading Entity	Qualified	Adverse											
154	Public Admin & Leadership Management Training Trading Account	Financially unqualified with findings	Financially unqualified with no findings											
155	Public Investment Corporation Limited	Financially unqualified with findings	Financially unqualified with no findings											
156	Public Sector Seta (PSEIA)	Disclaimer	Disclaimer											
157	Railway Safety Regulator	Financially unqualified with findings	Financially unqualified with findings											
158	Refugee Relief Fund	Financially unqualified with no findings	Financially unqualified with no findings											
159	Registrar Of Deeds Trading Account	Financially unqualified with findings	Financially unqualified with findings											
160	Road Accident Fund	Financially unqualified with no findings	Financially unqualified with findings											
161	Road Traffic Management Corporation	Adverse	Financially unqualified with findings											
162	Robben Island Museum	Qualified	Qualified											
163	SA Civil Aviation Authority	Financially unqualified with findings	Financially unqualified with no findings											
164	SA Gas Development Company (Pty) Ltd (IGas) (CEF)	Financially unqualified with findings	Financially unqualified with no findings											
165	SA Human Rights Commission	Financially unqualified with findings	Financially unqualified with findings											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
166	SA Institute for Drug Free Sport	Financially unqualified with findings	Financially unqualified with findings											
167	SA Library for the Blind	Financially unqualified with findings	Financially unqualified with findings											
168	SA Maritime Safety Authority	Financially unqualified with findings	Financially unqualified with findings											
169	SA Medical Research Council	Financially unqualified with findings	Qualified											
170	SA National Aids Trust	Financially unqualified with no findings	Financially unqualified with findings											
171	SA National Energy Research Institute (Pty) Ltd (CEF)	Financially unqualified with findings	Financially unqualified with no findings											
172	SA Nuclear Energy Corporation (necsa)	Financially unqualified with no findings	Financially unqualified with no findings											
173	SADF Fund	Financially unqualified with findings	Financially unqualified with findings											
174	Safety & Security Seta	Financially unqualified with findings	Financially unqualified with findings											
175	SAMAF	Qualified	Qualified											
176	SARS - Administered Revenue	Financially unqualified with no findings	Financially unqualified with no findings											
177	SARS - Own Accounts	Financially unqualified with no findings	Financially unqualified with no findings											
178	Service Sector Education and Training Authority	Financially unqualified with no findings	Financially unqualified with no findings											
179	SFF Association (CEF)	Financially unqualified with findings	Financially unqualified with findings											
180	Sheltered Employment Factories	Adverse	Qualified											
181	Small Enterprise Development Agency (SEDA)	Financially unqualified with findings	Financially unqualified with findings											
182	Social Relief Fund	Financially unqualified with no findings	Financially unqualified with no findings											
183	South Africa Diamond and Precious Metals Regulator	Financially unqualified with findings	Financially unqualified with findings											
184	South Africa Heritage Resources Agency	Financially unqualified with findings	Financially unqualified with findings											
185	South African National Biodiversity Institute	Financially unqualified with findings	Financially unqualified with findings											
186	South African Bureau of Standards	Financially unqualified with no findings	Financially unqualified with findings											
187	South African Housing Fund	Financially unqualified with no findings	Financially unqualified with no findings											
188	South African Local Government Association	Financially unqualified with findings	Disclaimer											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and frivolous and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
189	South African National Parks	Financially unqualified with no findings	Financially unqualified with findings											
190	South African National Roads Agency Limited	Financially unqualified with no findings	Financially unqualified with findings											
191	South African Qualifications Authority	Financially unqualified with no findings	Financially unqualified with no findings											
192	South African Social Security Agency	Audit not finalised at legislated date	Financially unqualified with findings											
193	South African Supplier Development Agency	Financially unqualified with findings	New entity											
194	South African Tourism	Financially unqualified with no findings	Financially unqualified with no findings											
195	South African Weather Service	Financially unqualified with no findings	Financially unqualified with no findings											
196	Special Defence Account	Financially unqualified with no findings	Financially unqualified with findings											
197	Special Investigating Unit	Financially unqualified with no findings	Financially unqualified with findings											
198	Sportsrand (Pty) Ltd	Financially unqualified with no findings	Financially unqualified with no findings											
199	State Diamond Trader	Financially unqualified with findings	Financially unqualified with findings											
200	State Information Technology Agency	Financially unqualified with findings	Financially unqualified with findings											
201	State President Fund	Financially unqualified with no findings	Financially unqualified with no findings											
202	State Theatre	Financially unqualified with findings	Qualified											
203	Technical Assistance Unit	Financially unqualified with no findings	Financially unqualified with no findings											
204	The Commission on Gender Equality	Qualified	Disclaimer											
205	The Financial & Fiscal Commission	Financially unqualified with findings	Financially unqualified with no findings											
206	The Independent Communication Authority SA (ICASA)	Qualified	Qualified											
207	The National English Literary Museum: Grahamstown	Financially unqualified with findings	Financially unqualified with findings											
208	The Office of the Ombud for Financial Services Providers	Financially unqualified with no findings	Financially unqualified with no findings											
209	The Office of the Pension Funds Adjudicator	Qualified	Financially unqualified with findings											
210	The Petroleum Oil and Gas Corporation (Namibia) (CEP)	Financially unqualified with no findings	Financially unqualified with no findings											

ANNEXURE 1: Listing of audit outcomes, areas qualified and findings on predetermined objectives

Number	Auditee	Audit outcome 2009-10	Audit outcome 2008-09	Financial statement qualification areas							Findings on predetermined objectives			
				Capital assets	Current assets	Liabilities	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, and fruitless and wasteful expenditure	Non-compliance with regulatory requirements	Reported information not useful	Reported information not reliable	Information not submitted for audit by 31 May 2010
211	The Petroleum Oil and Gas Corporation (Pty) Ltd (PetroSA) (CEF)	Financially unqualified with findings	Financially unqualified with findings											
212	The Public Protector of South Africa	Financially unqualified with findings	Financially unqualified with findings											
213	Third Party Fund (former MIT)	Audit not finalised at legislated date	Audit not finalised at legislated date											
214	Tourism & Hospitality Seta (THEIA)	Financially unqualified with no findings	Financially unqualified with findings											
215	Transformation Fund of ELRC	Financially unqualified with no findings	Financially unqualified with findings											
216	Transport Seta (TEIA)	Financially unqualified with no findings	Financially unqualified with findings											
217	Unemployment Insurance Fund	Financially unqualified with findings	Financially unqualified with no findings											
218	Universal Service Agency (USASA)	Financially unqualified with findings	Financially unqualified with findings											
219	Universal Service Fund (USAAF)	Financially unqualified with findings	Financially unqualified with no findings											
220	War Museum of the Boer Republics: Bloemfontein	Financially unqualified with findings	Financially unqualified with no findings											
221	Water Research Commission	Financially unqualified with no findings	Financially unqualified with no findings											
222	Water Trading Account	Qualified	Financially unqualified with findings											
223	Wholesale & Retail Seta (W&R SETA)	Financially unqualified with no findings	Financially unqualified with findings											
224	Williams Humphrey Art Gallery: Kimberley	Financially unqualified with no findings	Financially unqualified with findings											
225	Windybrow Theatre	Financially unqualified with findings	Financially unqualified with findings											

Financially unqualified with findings = Financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations

Financially unqualified with no findings = Financially unqualified with no findings on predetermined objectives or compliance with laws and regulations

Annexure 2A: Drivers of audit outcomes - Leadership

Number	Auditee	Maintained/improved previous good practices				Improvements required			
		Organisation structure and skills		Action plans		Organisation structure and skills		Action plans	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
Departments									
1	Agriculture, Forestry and Fisheries								
2	Arts and Culture								
3	Communications								
4	Cooperative Governance and Traditional Affairs								
5	Correcional Services								
6	Defence								
7	Education								
8	Environmental Affairs and Tourism								
9	Government Communication and Information System								
10	Health								
11	Home Affairs								
12	Human Settlements								
13	Independent Complaints Directorate								
14	International Relations and Co-operation								
15	Justice and Constitutional Development								
16	Labour								
17	Minerals and Energy								
18	National Treasury								
19	National Treasury Consolidation								
20	Police								
21	Public Admin and Leadership Management Academy								
22	Public Enterprises								
23	Public Service and Administration								
24	Public Service Commission								
25	Public Works								

Annexure 2A: Drivers of audit outcomes - Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required			
		Organisation structure and skills		Action plans		IT systems access control deficiencies		Organisation structure and skills		Action plans	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives			Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
26	Rural Development and Land Reform										
27	Science and Technology										
28	Social Development										
29	Sport and Recreation										
30	Statistics South Africa										
31	The Parliament										
32	The Presidency										
33	Trade and Industry										
34	Transport										
35	Water Affairs and Forestry										

Annexure 2A: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices						Improvements required											
		Appropriate systems are in place to support the preparation of financial and statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial and statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)			
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
Departments																			
1																			
2																			
3																			
4																			
5																			
6																			
7																			
8																			
9																			
10																			
11																			
12																			
13																			
14																			
15																			
16																			
17																			
18																			
19																			
20																			

Annexure 2A: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices						Improvements required										
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
21	Public Admin and Leadership Management Academy																	
22	Public Enterprises																	
23	Public Service and Administration																	
24	Public Service Commission																	
25	Public Works																	
26	Rural Development and Land Reform																	
27	Science and Technology																	
28	Social Development																	
29	Sport and Recreation																	
30	Statistics South Africa																	
31	The Parliament																	
32	The Presidency																	
33	Trade and Industry																	
34	Transport																	
35	Water Affairs and Forestry																	

Annexure 2A: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required									
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
Departments																	
1	Agriculture, Forestry and Fisheries																
2	Arts and Culture																
3	Communications																
4	Cooperative Governance and Traditional Affairs																
5	Correcional Services																
6	Defence																
7	Education																
8	Environmental Affairs and Tourism																
9	Government Communication and Information System																
10	Health																
11	Home Affairs																
12	Human Settlements																
13	Independent Complaints Directorate																
14	International Relations and Co-operation																
15	Justice and Constitutional Development																
16	Labour																
17	Minerals and Energy																
18	National Treasury																
19	National Treasury Consolidation																
20	Police																
21	Public Admin and Leadership Management Academy																
22	Public Enterprises																
23	Public Service and Administration																
24	Public Service Commission																

Annexure 2A: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required									
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
25																	
26																	
27																	
28																	
29																	
30																	
31																	
32																	
33																	
34																	
35																	

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required					
		Organisation structure and skills		Action plans		IT systems access control deficiencies	Organisation structure and skills		Action plans		IT systems access control deficiencies		
		Financial statements	Predefined objectives	Financial statements	Predefined objectives		Financial statements	Predefined objectives					
Public entities													
1	AEC Amerisham (Pty) Ltd (necsa)												
2	African Exploration Mining and Finance Corporation (Pty) Ltd												
3	African Institute of SA												
4	African Renaissance and International Co-operation Fund												
5	Agricultural Land Holdings Account (Trading entity under Department of Rural Development and Land Reform)												
6	Agricultural Research Council												
7	Agricultural Sector Education and Training (AGRISETA)												
8	Areca Human Capital (Pty) Ltd (necsa)												
9	Armaments Corporation of SA Ltd												
10	Armscor Business (Pty) Ltd												
11	Artscape												
12	Autopax (Pty) Ltd												
13	Banking Sector Education and Training Authority												
14	Boxing SA												
15	Carbon Stream Africa (Pty) Ltd												
16	Castle Control Board												
17	CCE Solutions												
18	CCOD (Mines and Works)												
19	CEF Carbon												
20	Central Energy Fund (Pty) Ltd (CEF)												
21	Chemical Industries Education and Training Authority												
22	CIPRO												
23	Clothing, Textiles, Footwear and Leather Sector Education Training Authority												
24	Commission for Conciliation, Mediation and Arbitration												

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices					Improvements required						
		Organisation structure and skills		Action plans		IT systems access	Organisation structure and skills		Action plans		IT systems access		
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives		Financial statements	Predetermined objectives					
25	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities												
26	Compensation Fund, including Reserve Fund												
27	Competition Commission												
28	Competition Tribunal												
29	Construction Education and Training Authority												
30	Construction Industry Development Board												
31	Cotec Development (CEF)												
32	Cotec Partrade (Pty) Ltd (CEF)												
33	Council for Geoscience												
34	Council for Medical Schemes												
35	Council for Scientific and Industrial Research												
36	Council for the Built Environment												
37	Council of Mineral Technology (MINTEK)												
38	Council on Higher Education												
39	Criminal Asset Recovery Account												
40	Cross-Border Road Transport Agency												
41	Cyclodil (necsa)												
42	Cyclotape (Pty) Ltd (necsa)												
43	Die Afrikaanse Taalmuseum: Paarl												
44	Disaster Relief Fund												
45	Driving Licence Card Account (DLCA)												
46	Education Labour Relations Council												
47	Education, Training and Development Practices Sector Education and Training Authority												
48	Electoral Commission												
49	Electricity Distribution Industry Holdings (Pty) Ltd												

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required				
		Organisation structure and skills		Action plans		IT systems access		Organisation structure and skills		Action plans		IT systems access
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	
50	Energy Africa Rehabilitation (CEF)											
51	Energy Sector Education and Training Authority											
52	Equalisation Fund											
53	Erasmusand Eendomme (Pty) Ltd											
54	Eff 706 Riefontein											
55	ETA Energy (Pty) Ltd (CEF)											
56	Film and Publication Board											
57	Financial Intelligence Centre											
58	Financial Services Board											
59	Fluoro Pack (Pty) Ltd (necsa)											
60	Fluorochem (necsa)											
61	Fluoropharm (necsa)											
62	Food and Beverages Manufacturing Industry Sector Education and Training Authority											
63	Forest Industries Sector Education and Training Authority											
64	Freedom Park											
65	Gamma Film Industries (Pty) Ltd											
66	Gammatec NDT Supplies (Pty) Ltd											
67	Government Printing Works											
68	Guardian Fund											
69	Health and Welfare Sector Education and Training Authority											
70	High School Vorentoe Disaster Fund											
71	Human Science Research Council											
72	Independent Development Trust											
73	Independent Regulatory Board for Auditors											
74	Information Systems, Electronics and Telecommunications Technologies Training Authority											

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required				
		Organisation structure and skills		Action plans		IT systems access	Financial statements	Organisation structure and skills		Action plans		IT systems access
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives			Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	
75	Inqanyama Trust Board											
76	Institute for Maritime Technology (Pty) Ltd											
77	Insurance Sector Education and Training Authority											
78	International Marketing Council											
79	International Trade Administration Commission (ITAC)											
80	iSimangaliso Wetland Park											
81	Iziko Museums of Cape Town											
82	Klippoortekoolmyne (Pty) Ltd (CEE)											
83	KwaZulu-Natal Performing Arts Company											
84	Land and Agricultural Development Bank of South Africa											
85	Legal Aid Board											
86	Local Government Sector Education and Training Authority											
87	Luthuli Museum											
88	Mahnes Areas (Pty) Ltd (CEE)											
89	Manufacturing Engineering and Related Services Education and Training Authority											
90	Marine Living Resources Fund											
91	Market Theatre Foundation											
92	Media Development and Diversity Agency											
93	Media Advertising, Publishing, Printing and Packaging Training Authority											
94	MINDEV (Pty) Ltd											
95	Mine Health and Safety Council											
96	Mining Qualifications SETA											
97	Msunuzi/Voorrekker Museum: Pietermaritzburg											
98	Municipal Demarcation Board											
99	Natal Museum: Pietermaritzburg											

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required				
		Organisation structure and skills		Action plans		IT systems access		Organisation structure and skills		Action plans		IT systems access
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	
100	National Agricultural Marketing Council											
101	National Arts Council of South Africa											
102	National Consumer Tribunal											
103	National Credit Regulator											
104	National Development Agency											
105	National Electronic Media Institute of SA											
106	National Energy Regulator of South Africa (NERSA)											
107	National Film and Video Foundation of South Africa											
108	National Gambling Board											
109	National Heritage Council											
110	National Home Builders Registration Council											
111	National Library of South Africa											
112	National Lotteries Board											
113	National Lottery Distribution Trust Fund											
114	National Museum: Bloemfontein											
115	National Nuclear Regulator (NNR)											
116	National Prosecuting Authority											
117	National Regulator for Compulsory Specifications											
118	National Research Foundation											
119	National Skills Fund											
120	National Student Financial Aid Scheme											
121	National Supplies Procurement Fund (Part of DTI)											
122	National Youth Development Agency											
123	Nelson Mandela Museum: Mthatha											
124	Northern Flagship Institution											
125	NTP Logistics (necsa)											

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices					Improvements required				
		Organisation structure and skills		Action plans		IT systems access control deficiencies	Organisation structure and skills		Action plans		IT systems access control deficiencies
		Financial statements	Predefined objectives	Financial statements	Predefined objectives		Financial statements	Predefined objectives	Financial statements	Predefined objectives	
126	NTP Radioisotopes (necsa)										
127	Oil Pollution Control SA (CEF)										
128	Oospark (Pty) Ltd										
129	Pan African Mineral Development Co										
130	Pan SA Language Board										
131	Passenger Rail Agency of South Africa										
132	Pelchem (Pty) Ltd (necsa)										
133	People and Parks Development										
134	Performing Arts Centre of the Free State										
135	Performing Arts Centre of the Free State trading as MACUFE										
136	Petroleum Agency SA (Phy) Ltd (CEF)										
137	PetroSA Brass (CEF)										
138	PetroSA Egypt (CEF)										
139	PetroSA Equatorial Guinea (SA) (CEF)										
140	PetroSA Gryphon Marin Permit (CEF)										
141	PetroSA Iis (CEF)										
142	PetroSA North America Inc. (CEF)										
143	PetroSA Sudan (CEF)										
144	PetroSA Synfuels International (CEF)										
145	PetroSA Themis (CEF)										
146	Pharmatopos (Phy) Ltd										
147	Ports Regulator of South Africa										
148	President's Fund										
149	Private Security Industry Regulatory Authority										
150	Project Development Facility Trading Account										
151	Property Management Trading Entity										

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required				
		Organisation structure and skills		Action plans		IT systems access		Organisation structure and skills		Action plans		IT systems access
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	
152	Public Admin and Leadership Management Training Account											
153	Public Investment Corporation Limited											
154	Public Service Sector Education and Training Authority (PSETA)											
155	Railway Safety Regulator											
156	Refugee Relief Fund											
157	Road Accident Fund											
158	Road Traffic Management Corporation											
159	Robben Island Museum											
160	SA Civil Aviation Authority											
161	SA Gas Development Company (Pty) Ltd (iGas) (CEF)											
162	SA Human Rights Commission											
163	SA Institute for Drug Free Sport											
164	SA Library for the Blind											
165	SA Maritime Safety Authority											
166	SA Medical Research Council											
167	SA National Aids Trust											
168	SA National Energy Research Institute (Phy) Ltd (CEF)											
169	SA Nuclear Energy Corporation (necso)											
170	SADF Fund											
171	Safety and Security Sector Education and Training Authority											
172	SAMAF											
173	SARS - Administered Revenue											
174	SARS - Own Accounts											
175	Services Sector Education and Training Authority											
176	SEITA for Finance, Accounting, Management Consulting and Other Financial Services (FASSET)											
177	SIF Association (CEF)											

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required				
		Organisation structure and skills		Action plans		IT systems access control deficiencies		Organisation structure and skills		Action plans		IT systems access control deficiencies
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives			Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	
178	Sheltered Employment Factories											
179	Small Enterprise Development Agency (SEDA)											
180	Social Relief Fund											
181	South Africa Diamond and Precious Metals Regulator											
182	South Africa Heritage Resources Agency											
183	South African National Biodiversity Institute											
184	South African Bureau of Standards											
185	South African Housing Fund											
186	South African Local Government Association											
187	South African National Parks											
188	South African National Roads Agency Limited											
189	South African Qualifications Authority											
190	South African Supplier Development Agency											
191	South African Tourism											
192	South African Weather Service											
193	Special Defence Account											
194	Special Investigating Unit											
195	Sportsrand (Pty) Ltd											
196	State Diamond Trader											
197	State Information Technology Agency											
198	State President Fund											
199	State Theatre											
200	Technical Assistance Unit											
201	The Commission on Gender Equality											
202	The Deeds Registration Trading Account											
203	The Financial and Fiscal Commission											

Annexure 2B: Drivers of audit outcomes – Leadership

Number	Auditee	Maintained/improved previous good practices						Improvements required				
		Organisation structure and skills		Action plans		IT systems access control deficiencies	Organisation structure and skills		Action plans		IT systems access control deficiencies	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives		
204	The Independent Communication Authority SA (ICASA)											
205	The National English Literary Museum: Grahamstown											
206	The Office of the Ombud for Financial Services Providers											
207	The Office of the Pension Funds Adjudicator											
208	The Petroleum Oil and Gas Corporation (Namibia) (CEF)											
209	The Petroleum Oil and Gas Corporation (Pty) Ltd (PetroSA) (CEF)											
210	The Public Protector of South Africa											
211	Tourism , Hospitality and Sport Education and Training Authority											
212	Transformation Fund of ELRC											
213	Transport Education and Training Authority											
214	Unemployment Insurance Fund											
215	Universal Service Agency (USASA)											
216	Universal Service Fund (USAF)											
217	War Museum of the Boer Republics: Bloemfontein											
218	Water Research Commission											
219	Water Trading Account											
220	Wholesale and Retail Sector Education and Training Authority											
221	Williams Humphrey Art Gallery: Kimberley											
222	Windybrow Theatre											

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices						Improvements required											
		Appropriate systems are in place to support the preparation of financial and statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial and statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)			
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
Public entities																			
1	AEC Amer sham (Phy) Ltd (necsa)																		
2	African Exploration Mining and Finance Corporation (Phy) Ltd																		
3	African Institute of SA																		
4	African Renaissance and International Co-operation Fund																		
5	Agricultural Land Holdings Account (Trading entity under Department of Rural Development and Land Reform)																		
6	Agricultural Research Council																		
7	Agricultural Sector Education and Training (AGRSETA)																		
8	Areca Human Capital (Phy) Ltd (necsa)																		
9	Armaments Corporation of SA Ltd																		
10	Armscor Business (Phy) Ltd																		
11	Artscape																		
12	Autopax (Phy) Ltd																		
13	Banking Sector Education and Training Authority																		
14	Boxing SA																		
15	Carbon Stream Africa (Phy) Ltd																		
16	Castle Control Board																		
17	CCE Solutions																		
18	CCOD (Mines and Works)																		
19	CEF Carbon																		
20	Central Energy Fund (Phy) Ltd (CEF)																		

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required									
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)			
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
21	Chemical Industries Education and Training Authority																		
22	CIPRO																		
23	Clothing, Textiles, Footwear and Leather Sector Education Training Authority																		
24	Commission for Conciliation, Mediation and Arbitration																		
25	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities																		
26	Compensation Fund, including Reserve Fund																		
27	Competition Commission																		
28	Competition Tribunal																		
29	Construction Education and Training Authority																		
30	Construction Industry Development Board																		
31	Cotec Development (CEF)																		
32	Cotec Partrade (Pty) Ltd (CEF)																		
33	Council for Geoscience																		
34	Council for Medical Schemes																		
35	Council for Scientific and Industrial Research																		
36	Council for the Built Environment																		
37	Council of Mineral Technology (MINTEK)																		
38	Council on Higher Education																		
39	Criminal Asset Recovery Account																		

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices						Improvements required														
		Appropriate systems are in place to support the preparation of financial and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)			Appropriate systems are in place to support the preparation of financial and performance reports			Review of the financial statements and other information			Record keeping and record management			Data integrity (IT systems)		
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	
40	Cross-Border Road Transport Agency																					
41	Cyclofil (necsa)																					
42	Cyclotop (Pty) Ltd (necsa)																					
43	Die Afrikaanse Taalmuseum: Paarl																					
44	Disaster Relief Fund																					
45	Driving License Card Account (DLCA)																					
46	Education Labour Relations Council																					
47	Education, Training and Development Practices Sector Education and Training Authority																					
48	Electoral Commission																					
49	Electricity Distribution Industry Holdings (Pty) Ltd																					
50	Energy Africa Rehabilitation (CEF)																					
51	Energy Sector Education and Training Authority																					
52	Equalisation Fund																					
53	Erasmusdand Eendomme (Pty) Ltd																					
54	Ef 706 Rietfontein																					
55	EIA Energy (Pty) Ltd (CEF)																					
56	Film and Publication Board																					
57	Financial Intelligence Centre																					
58	Financial Services Board																					
59	Fluoro Pack (Pty) Ltd (necsa)																					

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices						Improvements required										
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
60	Fluorochem (necs)																	
61	Fluoropharm (necs)																	
62	Food and Beverages Manufacturing Industry Sector Education and Training Authority																	
63	Forest Industries Sector Education and Training Authority																	
64	Freedom Park																	
65	Gamma Film Industries (Pty) Ltd																	
66	Gammatec NDT Supplies (Pty) Ltd																	
67	Government Printing Works																	
68	Guardian Fund																	
69	Health and Welfare Sector Education and Training Authority																	
70	High School Vorentoe Disaster Fund																	
71	Human Science Research Council																	
72	Independent Development Trust																	
73	Independent Regulatory Board for Auditors																	
74	Information Systems, Electronics and Telecommunications Technologies Training Authority																	
75	Ingonyama Trust Board																	
76	Institute for Maritime Technology (Pty) Ltd																	
77	Insurance Sector Education and Training Authority																	
78	International Marketing Council																	
79	International Trade Administration Commission (ITAC)																	

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required					
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management	
		Financial statements	Predefined objectives	Financial statements	Predefined objectives	Financial statements	Predefined objectives	User access control	Security management	Business continuity	Financial statements	Predefined objectives	Financial statements	Predefined objectives	Data integrity (IT systems)
80	iSimangaliso Wetland Park														
81	Iziko Museums of Cape Town														
82	Klippoortekoolmyne (Pty) Ltd (CEF)														
83	KwaZulu-Natal Performing Arts Company														
84	Land and Agricultural Development Bank of South Africa														
85	Legal Aid Board														
86	Local Government Sector Education and Training Authority														
87	Luthuli Museum														
88	Mahnes Areas (Pty) Ltd (CEF)														
89	Manufacturing Engineering and Related Services Education and Training Authority														
90	Marine Living Resources Fund														
91	Marker Theatre Foundation														
92	Media Development and Diversity Agency														
93	Media, Advertising, Publishing, Printing and Packaging Training Authority														
94	MINDEV (Pty) Ltd														
95	Mine Health and Safety Council														
96	Mining Qualifications SETA														
97	Msunduzi / Voortrekker Museum: Pietermaritzburg														
98	Municipal Demarcation Board														
99	Natal Museum: Pietermaritzburg														

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required					
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control
100	National Agricultural Marketing Council														
101	National Arts Council of South Africa														
102	National Consumer Tribunal														
103	National Credit Regulator														
104	National Development Agency														
105	National Electronic Media Institute of SA														
106	National Energy Regulator of South Africa (NERSA)														
107	National Film and Video Foundation of South Africa														
108	National Gambling Board														
109	National Heritage Council														
110	National Home Builders Registration Council														
111	National Library of South Africa														
112	National Lotteries Board														
113	National Lottery Distribution Trust Fund														
114	National Museum: Bloemfontein														
115	National Nuclear Regulator (NNR)														
116	National Prosecuting Authority														
117	National Regulator for Compulsory Specifications														
118	National Research Foundation														
119	National Skills Fund														
120	National Student Financial Aid Scheme														

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required					
		Appropriate systems are in place to support the preparation of financial and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
121	National Supplies Procurement Fund (Part of DIT)														
122	National Youth Development Agency														
123	Nelson Mandela Museum: Mthatha														
124	Northern Flagship Institution														
125	NTP Logistics (necsa)														
126	NTP Radioisotopes (necsa)														
127	Oil Pollution Control SA (CEF)														
128	Oospark (Pty) Ltd														
129	Pan African Mineral Development Co														
130	Pan SA Language Board														
131	Passenger Rail Agency of South Africa														
132	Pelchem (Pty) Ltd (necsa)														
133	People and Parks Development														
134	Performing Arts Centre of the Free State														
135	Performing Arts Centre of the Free State trading as MACUFE														
136	Petroleum Agency SA (Pty) Ltd (CEF)														
137	PetroSA Brass (CEF)														
138	PetroSA Egypt (CEF)														
139	PetroSA Equatorial Guinea (SA) (CEF)														
140	PetroSA Gryphon Marin Permit (CEF)														
141	PetroSA Iis (CEF)														

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required					
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	User access control	Security management
142	PetroSA North America Inc. (CEF)														
143	PetroSA Sudan (CEF)														
144	PetroSA Synfuels International (CEF)														
145	PetroSA Themis (CEF)														
146	Pharmatopes (Pty) Ltd														
147	Ports Regulator of South Africa														
148	President's Fund														
149	Private Security Industry Regulatory Authority														
150	Project Development Facility Trading Account														
151	Property Management Trading Entity														
152	Public Admin and Leadership Management Training Trading Account														
153	Public Investment Corporation Limited														
154	Public Service Sector Education and Training Authority (PSETA)														
155	Railway Safety Regulator														
156	Refugee Relief Fund														
157	Road Accident Fund														
158	Road Traffic Management Corporation														
159	Robben Island Museum														
160	SA Civil Aviation Authority														
161	SA Gas Development Company (Pty) Ltd (iGas) (CEF)														
162	SA Human Rights Commission														

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required					
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control
163	SA Institute for Drug Free Sport														
164	SA Library for the Blind														
165	SA Maritime Safety Authority														
166	SA Medical Research Council														
167	SA National Aids Trust														
168	SA National Energy Research Institute (Phy) Ltd (CEF)														
169	SA Nuclear Energy Corporation (necso)														
170	SADF Fund														
171	Safety and Security Sector Education and Training Authority														
172	SAMAF														
173	SARS - Administered Revenue														
174	SARS - Own Accounts														
175	Services Sector Education and Training Authority														
176	SEITA for Finance, Accounting, Management Consulting and Other Financial Services (FASSET)														
177	SFF Association (CFE)														
178	Sheltered Employment Factories														
179	Small Enterprise Development Agency (SEDA)														
180	Social Relief Fund														
181	South Africa Diamond and Precious Metals Regulator														
182	South Africa Heritage Resources Agency														
183	South African National Biodiversity Institute														

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required									
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)			
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity
184	South African Bureau of Standards																		
185	South African Housing Fund																		
186	South African Local Government Association																		
187	South African National Parks																		
188	South African National Roads Agency Limited																		
189	South African Qualifications Authority																		
190	South African Supplier Development Agency																		
191	South African Tourism																		
192	South African Weather Service																		
193	Special Defence Account																		
194	Special Investigating Unit																		
195	Sportsrand (Pty) Ltd																		
196	State Diamond Trader																		
197	State Information Technology Agency																		
198	State President Fund																		
199	State Theatre																		
200	Technical Assistance Unit																		
201	The Commission on Gender Equality																		
202	The Deeds Registration Trading Account																		
203	The Financial and Fiscal Commission																		
204	The Independent Communication Authority SA (ICASA)																		

Annexure 2B: Drivers of audit outcomes - Financial and performance management

Number	Auditee	Maintained/improved previous good practices								Improvements required					
		Appropriate systems are in place to support the preparation of financial statements and performance reports		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)		Review of the financial statements and other information		Record keeping and record management		Data integrity (IT systems)	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	User access control	Security management	Business continuity	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Business continuity
205	The National English Literary Museum: Grahamstown														
206	The Office of the Ombud for Financial Services Providers														
207	The Office of the Pension Funds Adjudicator														
208	The Petroleum Oil and Gas Corporation (Namibia) (CEP)														
209	The Petroleum Oil and Gas Corporation (Pty) Ltd (PetroSA) (CEP)														
210	The Public Protector of South Africa														
211	Tourism, Hospitality and Sport Education and Training Authority														
212	Transformation Fund of ELRC														
213	Transport Education and Training Authority														
214	Unemployment Insurance Fund														
215	Universal Service Agency (USAASA)														
216	Universal Service Fund (USAAF)														
217	War/Museum of the Boer Republics: Bloemfontein														
218	Water Research Commission														
219	Water Trading Account														
220	Wholesale and Retail Sector Education and Training Authority														
221	Williams Humphrey Art Gallery: Kimberley														
222	Windybrow Theatre														

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required									
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
Public entities																	
1	AEC Amer sham (Pty) Ltd (necsa)																
2	African Exploration Mining and Finance Corporation (Pty) Ltd																
3	African Institute of SA																
4	African Renaissance and International Co-operation Fund																
5	Agricultural Land Holdings Account (Trading entity under Department of Rural Development and Land Reform)																
6	Agricultural Research Council																
7	Agricultural Sector Education and Training (AGRSETA)																
8	Aresca Human Capital (Pty) Ltd (necsa)																
9	Armaments Corporation of SA Ltd																
10	Armscor Business (Pty) Ltd																
11	Artscape																
12	Autopax (Pty) Ltd																
13	Banking Sector Education and Training Authority																
14	Boxing SA																
15	Carbon Stream Africa (Pty) Ltd																
16	Castle Control Board																
17	CCE Solutions																
18	CCOD (Mines and Works)																
19	CEF Carbon																
20	Central Energy Fund (Pty) Ltd (CEF)																
21	Chemical Industries Education and Training Authority																
22	CIPRO																
23	Clothing, Textiles, Footwear and Leather Sector Education Training Authority																

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required					
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
24	Commission for Conciliation, Mediation and Arbitration												
25	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities												
26	Compensation Fund, including Reserve Fund												
27	Competition Commission												
28	Competition Tribunal												
29	Construction Education and Training Authority												
30	Construction Industry Development Board												
31	Corec Development (CEF)												
32	Cotec Partrade (Pty) Ltd (CEF)												
33	Council for Geoscience												
34	Council for Medical Schemes												
35	Council for Scientific and Industrial Research												
36	Council for the Built Environment												
37	Council of Mineral Technology (MINTEK)												
38	Council on Higher Education												
39	Criminal Asset Recovery Account												
40	Cross-Border Road Transport Agency												
41	Cyclafil (necsa)												
42	Cycloptop (Pty) Ltd (necsa)												
43	Die Afrikaanse Taalmuseum: Paarl												
44	Disaster Relief Fund												
45	Driving License Card Account (DLCA)												
46	Education Labour Relations Council												
47	Education, Training and Development Practices Sector Education and Training Authority												

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required									
		Risk management		Ensuring effective internal audit functions		Establishing of functioning audit committees		IT governance framework		Risk management		Ensuring effective internal audit functions		Establishing of functioning audit committees		IT governance framework	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives		
48	Electoral Commission																
49	Electricity Distribution Industry Holdings (Pty) Ltd																
50	Energy Africa Rehabilitation (CEF)																
51	Energy Sector Education and Training Authority																
52	Equalisation Fund																
53	Erasmusland Eendomme (Pty) Ltd																
54	Ef 706 Rietfontein																
55	ETA Energy (Pty) Ltd (CEF)																
56	Film and Publication Board																
57	Financial Intelligence Centre																
58	Financial Services Board																
59	Fluoro Pack (Pty) Ltd (necsa)																
60	Fluorochem (necsa)																
61	Fluoropharm (necsa)																
62	Food and Beverages Manufacturing Industry Sector Education and Training Authority																
63	Forest Industries Sector Education and Training Authority																
64	Freedom Park																
65	Gamma Film Industries (Pty) Ltd																
66	Gammatec NDT Supplies (Pty) Ltd																
67	Government Printing Works																
68	Guardian Fund																
69	Health and Welfare Sector Education and Training Authority																
70	High School Vorente Disaster Fund																
71	Human Science Research Council																
72	Independent Development Trust																

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices								Improvements required							
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives			
73	Independent Regulatory Board for Auditors																
74	Information Systems, Electronics and Telecommunications Technologies Training Authority																
75	Ingonyama Trust Board																
76	Institute for Maritime Technology (Pty) Ltd																
77	Insurance Sector Education and Training Authority																
78	International Marketing Council																
79	International Trade Administration Commission (ITAC)																
80	iSimangaliso Wetland Park																
81	Iziko Museums of Cape Town																
82	Klippoortjekoolmyne (Pty) Ltd (CEF)																
83	KwaZulu-Natal Performing Arts Company																
84	Land and Agricultural Development Bank of South Africa																
85	Legal Aid Board																
86	Local Government Sector Education and Training Authority																
87	Luthuli Museum																
88	Mahnes Areas (Pty) Ltd (CEF)																
89	Manufacturing Engineering and Related Services Education and Training Authority																
90	Marine Living Resources Fund																
91	Market Theatre Foundation																
92	Media Development and Diversity Agency																
93	Media, Advertising, Publishing, Printing and Packaging Training Authority																
94	MINDEY (Pty) Ltd																
95	Mine Health and Safety Council																
96	Mining Qualifications SETA																

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices								Improvements required							
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		
97	Msunduzi/Voorrekker Museum: Pietermaritzburg																
98	Municipal Demarcation Board																
99	Natal Museum: Pietermaritzburg																
100	National Agricultural Marketing Council																
101	National Arts Council of South Africa																
102	National Consumer Tribunal																
103	National Credit Regulator																
104	National Development Agency																
105	National Electronic Media Institute of SA																
106	National Energy Regulator of South Africa (NERSA)																
107	National Film and Video Foundation of South Africa																
108	National Gambling Board																
109	National Heritage Council																
110	National Home Builders Registration Council																
111	National Library of South Africa																
112	National Lotteries Board																
113	National Lottery Distribution Trust Fund																
114	National Museum: Bloemfontein																
115	National Nuclear Regulator (NNR)																
116	National Prosecuting Authority																
117	National Regulator for Compulsory Specifications																
118	National Research Foundation																
119	National Skills Fund																
120	National Student Financial Aid Scheme																
121	National Supplies Procurement Fund (Part of DTI)																
122	National Youth Development Agency																

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required					
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
123	Nelson Mandela Museum: Mthatha												
124	Northern Flagship Institution												
125	NTP Logistics (necsa)												
126	NTP Radioisotopes (necsa)												
127	Oil Pollution Control SA (CEF)												
128	Oscpark (Pty) Ltd												
129	Pan African Mineral Development Co												
130	Pan SA Language Board												
131	Passenger Rail Agency of South Africa												
132	Pelchem (Pty) Ltd (necsa)												
133	People and Parks Development												
134	Performing Arts Centre of the Free State												
135	Performing Arts Centre of the Free State trading as MACUFE												
136	Petroleum Agency SA (Pty) Ltd (CEF)												
137	PetroSA Brass (CEF)												
138	PetroSA Egypt (CEF)												
139	PetroSA Equatorial Guinea (SA) (CEF)												
140	PetroSA Gryphon Marin Permit (CEF)												
141	PetroSA Iris (CEF)												
142	PetroSA North America Inc.(CEF)												
143	PetroSA Sudan (CEF)												
144	PetroSA Synfuels International (CEF)												
145	PetroSA Themis (CEF)												
146	Pharmatopes (Pty) Ltd												
147	Ports Regulator of South Africa												
148	President's Fund												

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required									
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
149	Private Security Industry Regulatory Authority																
150	Project Development Facility Trading Account																
151	Property Management Trading Entity																
152	Public Admin and Leadership Management Training Trading Account																
153	Public Investment Corporation Limited																
154	Public Service Sector Education and Training Authority (PSETA)																
155	Railway Safety Regulator																
156	Refugee Relief Fund																
157	Road Accident Fund																
158	Road Traffic Management Corporation																
159	Robben Island Museum																
160	SA Civil Aviation Authority																
161	SA Gas Development Company (Pty) Ltd (iGas) (CEP)																
162	SA Human Rights Commission																
163	SA Institute for Drug Free Sport																
164	SA Library for the Blind																
165	SA Maritime Safety Authority																
166	SA Medical Research Council																
167	SA National Aids Trust																
168	SA National Energy Research Institute (Pty) Ltd (CEP)																
169	SA Nuclear Energy Corporation (necsa)																
170	SADF Fund																
171	Safety and Security Sector Education and Training Authority																
172	SAMAF																
173	SARS - Administered Revenue																
174	SARS - Own Accounts																

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices						Improvements required									
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives
175	Services Sector Education and Training Authority																
176	SETA for Finance, Accounting, Management Consulting and Other Financial Services (FASSET)																
177	SFF Association (CEF)																
178	Sheltered Employment Factories																
179	Small Enterprise Development Agency (SEDA)																
180	Social Relief Fund																
181	South Africa Diamond and Precious Metals Regulator																
182	South Africa Heritage Resources Agency																
183	South African National Biodiversity Institute																
184	South African Bureau of Standards																
185	South African Housing Fund																
186	South African Local Government Association																
187	South African National Parks																
188	South African National Roads Agency Limited																
189	South African Qualifications Authority																
190	South African Supplier Development Agency																
191	South African Tourism																
192	South African Weather Service																
193	Special Defence Account																
194	Special Investigating Unit																
195	Sportsrand (Pty) Ltd																
196	State Diamond Trader																
197	State Information Technology Agency																
198	State President Fund																
199	State Theatre																

Annexure 2B: Drivers of audit outcomes – Governance

Number	Auditee	Maintained/improved previous good practices								Improvements required							
		Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework	Risk management		Ensuring effective internal audit functions		Establishment of functioning audit committees		IT governance framework		
		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives		Financial statements	Predetermined objectives	Financial statements	Predetermined objectives	Financial statements	Predetermined objectives			
200	Technical Assistance Unit																
201	The Commission on Gender Equality																
202	The Deeds Registration Trading Account																
203	The Financial and Fiscal Commission																
204	The Independent Communication Authority SA (ICASA)																
205	The National English Literary Museum: Grahamstown																
206	The Office of the Ombud for Financial Services Providers																
207	The Office of the Pension Funds Adjudicator																
208	The Petroleum Oil and Gas Corporation (Namibia) (CEF)																
209	The Petroleum Oil and Gas Corporation (Pty) Ltd (PetroSA) (CEF)																
210	The Public Protector of South Africa																
211	Tourism , Hospitality and Sport Education and Training Authority																
212	Transformation Fund of ELRC																
213	Transport Education and Training Authority																
214	Unemployment Insurance Fund																
215	Universal Service Agency (USASA)																
216	Universal Service Fund (USAAF)																
217	War Museum of the Boer Republics: Bloemfontein																
218	Water Research Commission																
219	Water Trading Account																
220	Wholesale and Retail Sector Education and Training Authority																
221	Williams Humphrey Art Gallery: Kimberley																
222	Windybrow Theatre																

ANNEXURE 3A: Listing of findings related to compliance with laws and regulations

Number	Auditee	Payments not made within 30 days (TR 8.2.3)	HR Management				General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 3.2)		Supply chain management findings which resulted in irregular expenditure
			No updated and approved human resource plan	No approved organisational structure	Annual report HR information omitted or inconsistent	SMS – some performance agreements not signed for current year by the required date	General and fiduciary responsibilities not fulfilled (section 38 of PFMA)	Reporting responsibilities not fulfilled (section 40 of PFMA)	Internal audit unit established but not in operation throughout year	Internal audit unit did not fulfil required responsibilities	
Departments											
1	Agriculture, Forestry and Fisheries										
2	Arts and Culture										
3	Communications										
4	Cooperative Government and Traditional Affairs										
5	Correctional Services										
6	Defence and Military Veterans										
7	Education										
8	Environmental Affairs and Tourism										
9	Government Communications and Information System										
10	Health										
11	Home Affairs										
12	Human Settlements										
13	Independent Complaints Directorate										
14	International Relations and Cooperation										
15	Justice and Constitutional Development										
16	Labour										
17	Minerals Resources										
18	National Treasury										
19	National Treasury Consolidation										
20	Parliament										
21	Police										

ANNEXURE 3A: Listing of findings related to compliance with laws and regulations

Number	Auditee	Payments not made within 30 days (TR 8.2.3)	HR Management				General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 3.2)		Supply chain management findings which resulted in irregular expenditure
			No updated and approved human resource plan	No approved organisational structure	Annual report HR information omitted or inconsistent	SMS – some performance agreements not signed for current year by the required date	General and fiduciary responsibilities not fulfilled (section 38 of PFMA)	Reporting responsibilities not fulfilled (section 40 of PFMA)	Internal audit unit established but not in operation throughout year	Internal audit unit did not fulfil required responsibilities	
22	Public Administration Leadership and Management Academy										
23	Public Enterprises										
24	Public Service and Administration										
25	Public Service Commission										
26	Public Works										
27	Rural Development and Land Reform										
28	Science and Technology										
29	Social Development										
30	Sport and Recreation South Africa										
31	Statistics South Africa										
32	The Presidency										
33	Trade and Industry										
34	Transport										
35	Water Affairs and Forestry										

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General and fiduciary responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfil required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfil required responsibilities	
Public entities													
1	AEC-Amersham (Pty) Ltd												
2	Africa Institute of South Africa, Pretoria												
3	African Renaissance and International Cooperation Fund												
4	Agricultural Land Holding Account												
5	Agricultural Research Council												
6	Agricultural Sector Education and Training (AGRSETA)												
7	Areca Human Capital (Pty) Ltd												
8	Armaments Corporation of South Africa Limited												
9	Armscor Business (Pty) Ltd												
10	Artscape												
11	Associated Institutions Pension Fund												
12	Autopax (Pty) Ltd												
13	Banking Sector Education and Training Authority												
14	Boxing South Africa												
15	Carbon Stream Africa (Pty) Ltd												
16	Castle Control Board												
17	CCE Solutions (Pty) Ltd												
18	CEF (Pty) Ltd												
19	CEF Carbon (Pty) Ltd												
20	Chemical Industries Education and Training Authority												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfil required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfil required responsibilities	
21	Clothing, Textiles, Footwear and Leather Sector Education Training Authority												
22	Commission for Conciliation, Mediation and Arbitration												
23	Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities												
24	Commission on Gender Equality												
25	Companies and Intellectual Property Registration Office												
26	Compensation Commissioner for Occupational Diseases												
27	Compensation Fund, including Reserve Fund												
28	Competition Commission												
29	Competition Tribunal												
30	Construction Education and Training Authority												
31	Construction Industry Development Board												
32	Cotec Development (Pty) Ltd												
33	Cotec Parade (Pty) Ltd												
34	Council for Geoscience												
35	Council for Medical Schemes												
36	Council for Mineral Technology (Mintek)												
37	Council for Scientific and Industrial Research (CSIR)												
38	Council for the Built Environment (CBE)												
39	Council on Higher Education												
40	Criminal Asset Recovery Account												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfil required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfil required responsibilities	
41	Cross-Border Road Transport Agency												
42	Cyclofil (Pty) Ltd												
43	Cyclotape (Pty) Ltd												
44	Die Afrikaanse Taalmuseum												
45	Disaster Relief Fund												
46	Driving Licence Card Account												
47	Education and Labour Relations Council												
48	Education, Training and Development Practices Sector Education and Training Authority												
49	Electricity Distribution Industry (EDI) Holdings (Pty) Ltd												
50	Energy Africa Rehabilitation												
51	Energy Sector Education and Training Authority												
52	Equalisation Fund												
53	Erasmusrand Eiendomme (Pty) Ltd												
54	Erf 706 Riefontein												
55	EIA Energy (Pty) Ltd												
56	Film and Publication Board												
57	Financial and Fiscal Commission												
58	Financial Intelligence Centre												
59	Financial Services Board												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfill required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfill required responsibilities	
60	Fluoro Pack (Pty) Ltd												
61	Fluorchem (Pty) Ltd												
62	Fluoropharm (Pty) Ltd												
63	Food and Beverages Manufacturing Industry Sector Education and Training Authority												
64	Forest Industries Sector Education and Training Authority												
65	Freedom Park Trust												
66	Gamma Film Industries (Pty) Ltd												
67	Government Printing Works												
68	Guardians Fund												
69	Health and Welfare Sector Education and Training Authority												
70	High School Voretoe Disaster Fund												
71	Human Sciences Research Council												
72	Independent Communications Authority of South Africa												
73	Independent Development Trust												
74	Independent Electoral Commission												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
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75	Independent Regulatory Board for Auditors												
76	Information Systems, Electronics and Telecommunications Technologies Training Authority												
77	Inqonyama Trust Board												
78	Institute for Maritime Technology (PTY) Ltd												
79	Insurance Sector Education and Training Authority												
80	International Marketing Council (IMC)												
81	International Trade Administration Commission												
82	iSimangaliso Wetland Park												
83	Iziko Museums of Cape Town												
84	Klippoorjie Koolmyne (Pty) Ltd												
85	KwaZulu-Natal Performing Arts Company												
86	Land and Agricultural Development Bank of South Africa												
87	Legal Aid Board												
88	Local Government Sector Education and Training Authority												
89	Luthuli Museum												
90	Mahe's Areas (Pty) Ltd												
91	Manufacturing Engineering and Related Services Education and Training Authority												
92	Marine Living Resources Fund												
93	Market Theatre Foundation												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General / fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfil required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfil required responsibilities	
94	Media Development and Diversity Agency												
95	Media Advertising, Publishing, Printing and Packaging Training Authority												
96	Medical Research Council of South Africa												
97	MINDEV (Pty) Ltd												
98	Mine Health and Safety Council												
99	Mining Qualifications SETA												
100	Msunduzi/Voorrekker Museum: Pietermaritzburg												
101	Municipal Demarcation Board												
102	Natal Museum												
103	National Agricultural Marketing Council												
104	National Arts Council of South Africa												
105	National Consumer Tribunal												
106	National Credit Regulator												
107	National Development Agency												
108	National Electronic Media Institute of SA												
109	National Energy Regulator of South Africa (NERSA)												
110	National English Literary Museum (Grahamstown)												
111	National Film and Video Foundation of South Africa												
112	National Forest Recreation and Access Trust												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
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113	National Gambling Board of South Africa												
114	National Heritage Council of South Africa (NHC)												
115	National Home Builders Regulatory Council												
116	National Library of South Africa (Pretoria/Cape Town)												
117	National Lotteries Board												
118	National Lottery Distribution Trust Fund												
119	National Museum												
120	National Nuclear Regulator												
121	National Prosecuting Authority												
122	National Regulator for Compulsory Specifications												
123	National Research Foundation												
124	National Skills Fund												
125	National Student Financial Aid Scheme												
126	National Supplies Procurement Fund												
127	National Youth Development Agency												
128	Nelson Mandela National Museum (Umtata)												
129	Northern Flagship Institution (Pretoria)												
130	NTP Logistics (Pty) Ltd												
131	NTP Radiostopes (Pty) Ltd												
132	Oil and Gas Corporation of SA (Namibia) (Pty) Ltd												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General / fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
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133	Oil Pollution Control South Africa												
134	Oospark (Pty) Ltd												
135	Pan African Mineral Development Company (Pty) Ltd												
136	Pan South African Language Board												
137	Passenger Rail Agency of South Africa												
138	Pelchem												
139	People and Parks Development												
140	Performing Arts Centre of the Free State												
141	Performing Arts Centre of the Free State trading as MACUFE												
142	Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd												
143	Petrosa Brass (Pty) Ltd												
144	Petrosa Egypt (Pty) Ltd												
145	Petrosa Equatorial Guinea (SA) (Pty) Ltd												
146	Petrosa Gyphon Main Permit (Pty) Ltd												
147	Petrosa Iris (Pty) Ltd												
148	Petrosa North America Inc												
149	Petrosa Sudan (Pty) Ltd												
150	Petrosa Syntfuels International (Pty) Ltd												
151	Petrosa Themis (Pty) Ltd												
152	Ports Regulator of South Africa												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
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153	President's Fund												
154	Project Development Facility Trading Account												
155	Public Admin and Leadership Management Training Trading Account												
156	Public Investment Corporation Limited												
157	Public Security Industry Regulatory Authority												
158	Public Service Sector Education and Training Authority (PSETA)												
159	Railway Safety Regulator												
160	Refugee Relief Fund												
161	Road Accident Fund												
162	Road Traffic Management Corporation												
163	Robben Island Museum, Cape Town												
164	SA Bureau of Standards (SABS)												
165	SA Institute for Drug-free Sport												
166	Safety and Security Sector Education and Training Authority												
167	SARS - Administered Revenue												
168	SARS - Own Accounts												
169	Services Sector Education and Training Authority												
170	SETA for Finance, Accounting, Management Consulting and Other Financial Services (FASSET)												
171	SFF Association												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
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172	Sheltered Employment Factories												
173	Small Enterprise Development Agency												
174	Social Relief Fund												
175	South Africa Civil Aviation Authority												
176	South Africa Diamond and Precious Metals Regulator												
177	South Africa Heritage Resources Agency												
178	South Africa Library for the Blind (Grahamstown)												
179	South African National Biodiversity Institute (SANBI)												
180	South African Agency for Promotion of petroleum Exploration and Exploitation (Pty) Ltd												
181	South African Defence Force Fund												
182	South African Gas Development Company (Pty) Ltd												
183	South African Housing Fund												
184	South African Human Rights Commission												
185	South African Local Government Association (SALGA)												
186	South African Maritime Safety Authority												
187	South African Micro-Finance Apex Fund												
188	South African National AIDS Trust												
189	South African National Energy Research Institute (Pty) Ltd												
190	South African National Parks												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfil required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfil required responsibilities	
191	South African Nuclear Energy Corporation												
192	South African Qualifications Authority												
193	South African Tourism												
194	South African Weather Services												
195	Special Defence Account												
196	Special Investigating Unit												
197	Sportsrand (Pty) Ltd												
198	State Diamond Trader												
199	State Information Technology Agency												
200	State President Fund												
201	Technical Assistance Unit												
202	Temporary Employees Pension Fund												
203	The African Exploration Mining and Finance Corporation (Pty) Ltd												
204	The Deeds Registration Trading Account												
205	The Office of the Ombud for Financial Services Providers												
206	The Office of the Pension Funds Adjudicator												
207	The Property Management Trading Entity												
208	The Public Protector of South Africa												
209	The South African National Roads Agency Limited												
210	The South African State Theatre												

ANNEXURE 3B: Listing of findings related to compliance with laws and regulations

Number	Auditee	General/fiduciary and reporting responsibilities of accounting officers		Internal audit findings (TR 27.2)				Audit committee findings (TR 27.1)					Supply chain management findings which resulted in irregular expenditure
		General and fiduciary responsibilities not fulfilled (section 51 of PFMA)	Reporting responsibilities not fulfilled (section 55 of PFMA)	No internal audit unit	Internal audit unit established but not in operation throughout the year	No approved internal audit plan	Internal audit unit did not fulfil required responsibilities	No audit committee	Audit committee established but not in operation throughout year	Appointment/establishment/composition of audit committee not compliant with legislation	No approved written terms of reference or not operating according to written terms of reference	Audit committee did not fulfil required responsibilities	
211	Tourism, Hospitality and Sport Education and Training Authority												
212	Transformation Fund of ELRC												
213	Transport Education and Training Authority												
214	Unemployment Insurance Fund												
215	Universal Service and Access Agency of South Africa												
216	Universal Service and Access Fund												
217	War Museum of the Boer Republics												
218	Water Research Commission												
219	Water Trading Account												
220	Wholesale and Retail Sector Education and Training Authority												
221	William Humphreys Art Gallery												
222	Windybrow Theatre												

Annexure 4A – Irregular expenditure for departments

Number	Department	Supply chain management related (R)	Percentage of total	Compensation of employees related (R)	Percentage of total	Irregular expenditure – other (R)	Percentage of total	Total (R)	Percentage of total
1	Defence	141,845,000	13,77%	858,872,000	99,58%	157,000	0,04%	1,000,874,000	43,41%
2	Justice and Constitutional Development	778,971,777	75,60%	0	0,00%	26,415,534	6,40%	805,387,311	34,93%
3	Home Affairs	0	0,00%	0	0,00%	321,640,000	77,97%	321,640,000	13,95%
4	Arts and Culture	0	0,00%	0	0,00%	60,771,000	14,73%	60,771,000	2,64%
5	Public Works	27,402,000	2,66%	0	0,00%	0	0,00%	27,402,000	1,19%
6	Agriculture, Forestry and Fisheries	15,109,000	1,47%	0	0,00%	0	0,00%	15,109,000	0,66%
7	Health	13,639,000	1,32%	0	0,00%	0	0,00%	13,639,000	0,59%
8	Water Affairs and Forestry	12,920,000	1,25%	0	0,00%	0	0,00%	12,920,000	0,56%
9	Communications	8,316,000	0,81%	0	0,00%	0	0,00%	8,316,000	0,36%
10	Cooperative Governance and Traditional Affairs	7,574,000	0,74%	0	0,00%	0	0,00%	7,574,000	0,33%
11	Public Service and Administration	4,464,000	0,43%	0	0,00%	0	0,00%	4,464,000	0,19%
12	Minerals and Energy	4,200,000	0,41%	0	0,00%	0	0,00%	4,200,000	0,18%
13	Rural Development and Land Reform	1,305,616	0,13%	0	0,00%	2,871,384	0,70%	4,177,000	0,18%
14	Police	3,399,000	0,33%	0	0,00%	0	0,00%	3,399,000	0,15%
15	Labour	816,000	0,08%	2,478,000	0,29%	98,000	0,02%	3,392,000	0,15%
16	Sport and Recreation	2,492,000	0,24%	0	0,00%	472,000	0,11%	2,964,000	0,13%
17	National Treasury	2,746,235	0,27%	0	0,00%	0	0,00%	2,746,235	0,12%
18	Trade and Industry	1,889,000	0,18%	0	0,00%	0	0,00%	1,889,000	0,08%
19	Statistics South Africa	0	0,00%	1,015,000	0,12%	0	0,00%	1,015,000	0,04%
20	Transport	951,000	0,09%	0	0,00%	0	0,00%	951,000	0,04%
21	The Presidency	939,000	0,09%	0	0,00%	0	0,00%	939,000	0,04%
22	Human Settlements	920,000	0,09%	0	0,00%	0	0,00%	920,000	0,04%
23	Correctional Services	535,974	0,05%	0	0,00%	88,783	0,02%	624,757	0,03%
24	Independent Complaints Directorate	0	0,00%	159,810	0,02%	0	0,00%	159,810	0,01%
Total		1,030,434,602	100,00%	862,524,810	100,00%	412,513,701	100,00%	2,305,473,113	100,00%

Annexure 4B – Irregular expenditure for public entities

Number	Public entity	Supply chain management related	Percentage of total	Compensation of employees related	Percentage of total	Irregular expenditure - other	Percentage of total	Total	Percentage of total
1	Road Traffic Management Corporation	360,879,704	25,28%	0	0,00%	0	0,00%	360,879,704	22,70%
2	National Prosecuting Authority	190,217,000	13,33%	83,028,000	96,13%	0	0,00%	273,245,000	17,19%
3	Property Management Trading Entity	264,180,000	18,51%	0	0,00%	0	0,00%	264,180,000	16,62%
4	State Information Technology Agency	214,906,769	15,06%	0	0,00%	0	0,00%	214,906,769	13,52%
5	CIPRO	95,830,616	6,71%	0	0,00%	0	0,00%	95,830,616	6,03%
6	Special Defence Account	63,999,205	4,48%	0	0,00%	0	0,00%	63,999,205	4,03%
7	SA Maritime Safety Authority	0	0,00%	0	0,00%	37,000,000	48,67%	37,000,000	2,33%
8	SA Medical Research Council	34,978,268	2,45%	0	0,00%	0	0,00%	34,978,268	2,20%
9	National Energy Regulator of South Africa (NERSA)	24,709,964	1,73%	0	0,00%	1,952,615	2,57%	26,662,579	1,68%
10	Sheltered Employment Factories	26,051,000	1,82%	0	0,00%	0	0,00%	26,051,000	1,64%
11	Energy Seta (ESETA)	4,370,000	0,31%	0	0,00%	21,288,000	28,00%	25,658,000	1,61%
12	Commission for Conciliation, Mediation and Arbitration (CCMA)	25,328,000	1,77%	0	0,00%	0	0,00%	25,328,000	1,59%
13	Independent Electoral Commission	14,600,771	1,02%	0	0,00%	0	0,00%	14,600,771	0,92%
14	National Youth Development Agency	11,079,000	0,78%	0	0,00%	0	0,00%	11,079,000	0,70%
15	Electricity Distribution Industry Holdings (Pty) Ltd	5,122,078	0,36%	0	0,00%	4,218,544	5,55%	9,340,622	0,59%
16	Nelson Mandela Museum: Mthatha	8,665,830	0,61%	0	0,00%	0	0,00%	8,665,830	0,55%
17	Compensation Fund	7,600,000	0,53%	0	0,00%	0	0,00%	7,600,000	0,48%
18	National Nuclear Regulator (NNR)	3,372,194	0,24%	0	0,00%	3,543,388	4,66%	6,915,582	0,43%
19	Water Trading Account	6,880,000	0,48%	27,000	0,03%	0	0,00%	6,907,000	0,43%
20	Safety and Security Seta	6,508,000	0,46%	0	0,00%	0	0,00%	6,508,000	0,41%
21	The Commission on Gender Equality	5,949,154	0,42%	0	0,00%	0	0,00%	5,949,154	0,37%
22	National Regulator for Compulsory Specifications	5,550,683	0,39%	0	0,00%	0	0,00%	5,550,683	0,35%
23	National Heritage Council	5,320,000	0,37%	0	0,00%	0	0,00%	5,320,000	0,33%
24	Public Sector Seta (PSETA)	5,229,000	0,37%	0	0,00%	0	0,00%	5,229,000	0,33%
25	National Arts Council of South Africa	0	0,00%	0	0,00%	4,743,160	6,24%	4,743,160	0,30%
26	National Skills Fund	4,519,000	0,32%	0	0,00%	0	0,00%	4,519,000	0,28%
27	National Lotteries Board	3,800,000	0,27%	0	0,00%	0	0,00%	3,800,000	0,24%
28	Small Enterprise Development Agency (SEDA)	3,632,466	0,25%	0	0,00%	0	0,00%	3,632,466	0,23%
29	Private Security Industry Regulatory Authority	3,575,660	0,25%	0	0,00%	0	0,00%	3,575,660	0,22%
30	Government Printing Works	0	0,00%	3,265,303	3,78%	0	0,00%	3,265,303	0,21%
31	Agricultural Research Council	3,210,588	0,22%	0	0,00%	0	0,00%	3,210,588	0,20%

Annexure 4B – Irregular expenditure for public entities

Number	Public entity	Supply chain management related	Percentage of total	Compensation of employees related	Percentage of total	Irregular expenditure - other	Percentage of total	Total	Percentage of total
32	South Africa Diamond and Precious Metals Regulator	2,674,647	0,19%	0	0,00%	0	0,00%	2,674,647	0,17%
33	Insurance Seta (INSETA)	2,161,000	0,15%	0	0,00%	0	0,00%	2,161,000	0,14%
34	The Public Protector of South Africa	1,330,000	0,09%	0	0,00%	624,578	0,82%	1,954,578	0,12%
35	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	1,096,482	0,08%	0	0,00%	0	0,00%	1,096,482	0,07%
36	Construction Industry Development Board	1,095,376	0,08%	0	0,00%	0	0,00%	1,095,376	0,07%
37	Cross-Border Road Transport Agency	872,184	0,06%	0	0,00%	0	0,00%	872,184	0,05%
38	Media and Publishing Seta (MAPPP SETA)	0	0,00%	0	0,00%	855,000	1,12%	855,000	0,05%
39	Health and Welfare Seta (HWSETA)	854,000	0,06%	0	0,00%	0	0,00%	854,000	0,05%
40	Council for the Built Environment	851,000	0,06%	0	0,00%	0	0,00%	851,000	0,05%
41	Mine Health and Safety Council	799,000	0,06%	0	0,00%	0	0,00%	799,000	0,05%
42	Northern Flagship Institution	781,120	0,05%	0	0,00%	0	0,00%	781,120	0,05%
43	Financial Intelligence Centre	755,000	0,05%	0	0,00%	2,000	0,00%	757,000	0,05%
44	SA Institute for Drug Free Sport	685,835	0,05%	0	0,00%	0	0,00%	685,835	0,04%
45	The Independent Communication Authority SA (ICASA)	655,626	0,05%	0	0,00%	0	0,00%	655,626	0,04%
46	Film and Publication Board	113,975	0,01%	0	0,00%	502,343	0,66%	616,318	0,04%
47	Universal Service Agency (USASA)	562,950	0,04%	0	0,00%	0	0,00%	562,950	0,04%
48	The Office of the Pension Funds Adjudicator	0	0,00%	0	0,00%	476,463	0,63%	476,463	0,03%
49	African Institute of SA	463,111	0,03%	0	0,00%	0	0,00%	463,111	0,03%
50	National Home Builders Registration Council	397,893	0,03%	0	0,00%	0	0,00%	397,893	0,03%
51	Central Energy Fund (Phy) Ltd (CEF)	0	0,00%	0	0,00%	373,000	0,49%	373,000	0,02%
52	SAMAF	361,028	0,03%	0	0,00%	0	0,00%	361,028	0,02%
53	SA Human Rights Commission	0	0,00%	0	0,00%	326,414	0,43%	326,414	0,02%
54	The Petroleum Oil and Gas Corporation (Phy) Ltd (PetroSA) (CEF)	309,000	0,02%	0	0,00%	0	0,00%	309,000	0,02%
55	Local Government Seta (LGWSETA)	184,786	0,01%	0	0,00%	0	0,00%	184,786	0,01%
56	Mining Qualifications Authority (MQA)	166,000	0,01%	0	0,00%	0	0,00%	166,000	0,01%
57	International Trade Administration Commission (ITAC)	155,622	0,01%	0	0,00%	0	0,00%	155,622	0,01%
58	Robben Island Museum	0	0,00%	0	0,00%	117,884	0,16%	117,884	0,01%
59	The Financial and Fiscal Commission	0	0,00%	53,196	0,06%	0	0,00%	53,196	0,00%
60	National Museum: Bloemfontein	39,000	0,00%	0	0,00%	0	0,00%	39,000	0,00%
61	National Electronic Media Institute of SA	25,080	0,00%	0	0,00%	0	0,00%	25,080	0,00%
Total		1,427,454,665	100,00%	86,373,499	100,00%	76,023,389	100,00%	1,589,851,553	100,00%

Annexure 4C – Fruitless and wasteful expenditure for departments

Number	Department	Supply chain management related	Percentage of total
1	Agriculture, Forestry and Fisheries	12,197,000	44,15%
2	Defence	6,065,000	21,95%
3	Rural Development and Land Reform	3,324,000	12,03%
4	Sport and Recreation	2,176,000	7,88%
5	Justice and Constitutional Development	2,039,000	7,38%
6	Police	1,127,000	4,08%
7	Public Service Commission	339,000	1,23%
8	Trade and Industry	113,000	0,41%
9	Transport	101,000	0,37%
10	Correctional Services	86,619	0,31%
11	Communications	54,000	0,20%
12	Human Settlements	3,000	0,01%
13	Independent Complaints Directorate	2,000	0,01%
Total		27,626,619	100,00%

Annexure 4D – Fruitless and wasteful expenditure for public entities

Number	Public entity	Supply chain management related	Percentage of total
1	Road Accident Fund	23,206,674	20,01%
2	Road Traffic Management Corporation	17,520,706	15,10%
3	The Petroleum Oil and Gas Corporation (Pty) Ltd (PetroSA) (CEF)	15,150,000	13,06%
4	SFF Association (CEF)	10,500,000	9,05%
5	National Home Builders Registration Council	8,879,510	7,65%
6	Compensation Fund	7,100,000	6,12%
7	Education Seta (ETDP SETA)	5,117,720	4,41%
8	Passenger Rail Agency of SA	3,723,000	3,21%
9	Council for Geoscience	2,957,448	2,55%
10	The Office of the Pension Funds Adjudicator	2,709,377	2,34%
11	Robben Island Museum	2,003,680	1,73%
12	CCE Solutions	1,931,000	1,66%
13	National Prosecuting Authority	1,834,000	1,58%
14	SA Civil Aviation Authority	1,625,685	1,40%
15	South African Bureau of Standards	1,346,653	1,16%
16	Boxing SA	1,165,622	1,00%
17	Land and Agricultural Bank of SA	841,951	0,73%
18	Agricultural Land Holding Account	770,858	0,66%
19	State Information Technology Agency	684,010	0,59%
20	Film and Publication Board	612,535	0,53%
21	Cross-Border Road Transport Agency	535,314	0,46%
22	State Theatre	491,594	0,42%
23	South African Supplier Development Agency	465,000	0,40%
24	Energy Seta (ESETA)	450,000	0,39%
25	Property Management Trading Entity	391,000	0,34%
26	Universal Service Fund (USAAF)	355,988	0,31%
27	Independent Electoral Commission	346,151	0,30%
28	Media and Publishing Seta (MAPPP SETA)	322,000	0,28%
29	Independent Development Trust	319,000	0,27%
30	The Commission on Gender Equality	311,901	0,27%
31	Private Security Industry Regulatory Authority	310,991	0,27%
32	PetroSA Equatorial Guinea (SA) (CEF)	278,914	0,24%
33	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	277,514	0,24%
34	Council for the Built Environment	211,000	0,18%
35	Marine Living Resources Fund	149,000	0,13%
36	The Financial and Fiscal Commission	147,955	0,13%
37	Driving License Card Account (DLCA)	127,000	0,11%
38	Central Energy Fund (Pty) Ltd (CEF)	120,409	0,10%
39	Armcor Business (Pty) Ltd	106,724	0,09%
40	Mine Health and Safety Council	104,000	0,09%
41	SA Medical Research Council	90,060	0,08%

Annexure 4D – Fruitless and wasteful expenditure for public entities

Number	Public entity	Supply chain management related	Percentage of total
42	Construction Industry Development Board	70,976	0,06%
43	Universal Service Agency (USAASA)	65,885	0,06%
44	Pharmatopes (Pty) Ltd	61,699	0,05%
45	Freedom Park	55,900	0,05%
46	Safety and Security Seta	40,009	0,03%
47	African Institute of SA	32,385	0,03%
48	National Youth Development Agency	15,320	0,01%
49	SA Library for the Blind	12,742	0,01%
50	National Gambling Board	12,000	0,01%
51	Sheltered Employment Factories	11,000	0,01%
52	SAMAF	9,976	0,01%
53	CIPRO	7,903	0,01%
54	International Trade Administration Commission (ITAC)	3,839	0,00%
55	Competition Tribunal	3,368	0,00%
56	Financial Intelligence Centre	3,000	0,00%
57	National Regulator for Compulsory Specifications	2,479	0,00%
58	Municipal Demarcation Board	2,000	0,00%
Total		116,002,425	100,00%

Annexure 4E – Material losses, material impairment of assets, material underspending of votes and material underspending of conditional grants for departments

Number	Department	Material losses		Material impairment of assets		Material underspending of vote		Material underspending of conditional grants		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Health	0	0,00%	0	0,00%	402,308,000	46,82%	0	0,00%	402,308,000	41,52%
2	Statistics South Africa	12,180,000	11,37%	0	0,00%	159,393,000	18,55%	0	0,00%	171,573,000	17,71%
3	Trade and Industry	552,000	0,52%	2,602,000	100,00%	164,121,000	19,10%	0	0,00%	167,275,000	17,26%
4	Minerals and Energy	0	0,00%	0	0,00%	123,000,000	14,32%	0	0,00%	123,000,000	12,69%
5	Rural Development and Land Reform	53,301,000	49,74%	0	0,00%	0	0,00%	0	0,00%	53,301,000	5,50%
6	Home Affairs	26,000,000	24,26%	0	0,00%	0	0,00%	0	0,00%	26,000,000	2,68%
7	Independent Complaints Directorate	0	0,00%	0	0,00%	10,403,000	1,21%	0	0,00%	10,403,000	1,07%
8	Correctional Services	9,185,001	8,57%	0	0,00%	0	0,00%	0	0,00%	9,185,001	0,95%
9	The Presidency	5,822,000	5,43%	0	0,00%	0	0,00%	0	0,00%	5,822,000	0,60%
10	Government Communication and Information System	128,000	0,12%	0	0,00%	0	0,00%	0	0,00%	128,000	0,01%
Total		107,168,001	100,00%	2,602,000	100,00%	859,225,000	100,00%	0	0,0%	968,995,001	100,00%

Annexure 4F – Material losses, material impairment of assets, material underspending of votes and material underspending of conditional grants for public entities

Number	Public entity	Material losses		Material impairment of assets		Material underspending of vote		Material underspending of conditional grants		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	The Petroleum Oil and Gas Corporation (Pty) Ltd (PetroSA) (CEF)	0	0,00%	1,486,000,000	69,92%	0	0,00%	0	0,00%	1,486,000,000	57,53%
2	Water Trading Account	115,211,252	27,71%	446,533,000	21,01%	0	0,00%	0	0,00%	561,744,252	21,75%
3	Private Security Industry Regulatory Authority	208,962,491	50,27%	0	0,00%	0	0,00%	0	0,00%	208,962,491	8,09%
4	SAKS - Own Accounts	88,000,000	21,17%	0	0,00%	0	0,00%	0	0,00%	88,000,000	3,41%
5	SA Gas Development Company (Pty) Ltd (GAS) (CEF)	0	0,00%	66,000,000	3,11%	0	0,00%	0	0,00%	66,000,000	2,56%
5	National Youth Development Agency	0	0,00%	54,029,000	2,54%	0	0,00%	0	0,00%	54,029,000	2,09%
6	Independent Development Trust	0	0,00%	29,603,000	1,39%	0	0,00%	0	0,00%	29,603,000	1,15%
7	Mine Health and Safety Council	0	0,00%	755,000	0,04%	0	0,00%	23,870,000	100%	24,625,000	0,95%
8	SA Nuclear Energy Corporation (necsa)	0	0,00%	17,141,049	0,81%	0	0,00%	0	0,00%	17,141,049	0,66%
9	Universal Service Fund (USAF)	0	0,00%	0	0,00%	15,290,000	84,32%	0	0,00%	15,290,000	0,59%
10	Driving License Card Trading Account (DLCTA)	0	0,00%	13,324,000	0,63%	0	0,00%	0	0,00%	13,324,000	0,52%
11	SAMAF	0	0,00%	6,179,509	0,29%	0	0,00%	0	0,00%	6,179,509	0,24%
12	CIPRO	0	0,00%	3,194,410	0,15%	0	0,00%	0	0,00%	3,194,410	0,12%
13	Ports Regulator of South Africa	0	0,00%	0	0,00%	2,843,000	15,68%	0	0,00%	2,843,000	0,11%
14	Public Sector Sets (PSETA)	1,419,000	0,34%	0	0,00%	0	0,00%	0	0,00%	1,419,000	0,05%
15	The Commission on Gender Equality	406,746	0,10%	785,384	0,04%	0	0,00%	0	0,00%	1,192,130	0,05%
16	South African Bureau of Standards	0	0,00%	1,079,000	0,05%	0	0,00%	0	0,00%	1,079,000	0,04%
17	Construction Industry Development Board	825,609	0,20%	0	0,00%	0	0,00%	0	0,00%	825,609	0,03%
18	National Regulator for Compulsory Specifications	106,083	0,03%	503,880	0,02%	0	0,00%	0	0,00%	609,963	0,02%
19	Media and Publishing Sets (MAPPP SETA)	263,000	0,06%	0	0,00%	0	0,00%	0	0,00%	263,000	0,01%
20	The Independent Communication Authority SA (ICASA)	195,522	0,05%	0	0,00%	0	0,00%	0	0,00%	195,522	0,01%
21	CCOD (Mines and Works)	107,153	0,03%	0	0,00%	0	0,00%	0	0,00%	107,153	0,00%
22	Council for the Built Environment	85,000	0,02%	0	0,00%	0	0,00%	0	0,00%	85,000	0,00%

Annexure 4F – Material losses, material impairment of assets, material underspending of votes and material underspending of conditional grants for public entities

Number	Public entity	Material losses		Material impairment of assets		Material underspending of vote		Material underspending of conditional grants		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
23	Mining Qualifications Authority (MQA)	83,666	0,02%	0	0,00%	0	0,00%	0	0,00%	83,666	0,00%
24	International Trade Administration Commission (ITAC)	12,268	0,00%	31,271	0,00%	0	0,00%	0	0,00%	43,539	0,00%
25	Boxing SA	37,244	0,01%	0	0,00%	0	0,00%	0	0,00%	37,244	0,00%
26	Competition Tribunal	0	0,00%	20,000	0,00%	0	0,00%	0	0,00%	20,000	0,00%
27	National Gambling Board	0	0,00%	6,000	0,00%	0	0,00%	0	0,00%	6,000	0,00%
28	National Consumer Tribunal	0	0,00%	4,745	0,00%	0	0,00%	0	0,00%	4,745	0,00%
Total		415,715,034	100,00%	2,125,189,248	100,00%	18,133,000	100,00%	23,870,000	100,00%	2,582,907,282	100,00%

ANNEXURE 5: Listing of findings related to IT focus areas

Number	Auditee	Focus areas			
		IT Governance	Security management	User access control	Information technology service continuity
Departments					
1	Agriculture				
2	Arts and Culture				
3	Communications				
4	Cooperative Governance and Traditional Affairs				
5	Correctional Services				
6	Defence				
7	Education				
8	Environmental Affairs and Tourism				
9	Government Communication and Information System				
10	Health				
11	Home Affairs				
12	Human Settlements				
13	International Relations and Cooperation				
14	Justice and Constitutional Development				
15	National Treasury				
16	Public Administration Leadership and Management Academy				
17	Public Enterprises				
18	Public Service and Administration				
19	Public Service Commission				
20	Public Works				
21	Rural Development and Land Reform				
22	Science and Technology				
23	Social Development				
24	Sport and Recreation				
25	Statistics South Africa				
26	The Presidency				
27	Trade and Industry				
28	Water Affairs and Forestry				
Public entities					
1	Africa Institute of South Africa				
2	Agricultural Sector Education and Training Authority				
3	Armaments Corporation SA Ltd				
4	Autopax (Pty) Ltd				
5	Banking Sector Education and Training Authority				
6	Central Energy Fund (Pty) Ltd				
7	Commission for the Protection and Promotion of the Rights of Cultural, Religious and Linguistic Communities				



ANNEXURE 5: Listing of findings related to IT focus areas

Number	Auditee	Focus areas			
		IT Governance	Security management	User access control	Information technology service continuity
8	Companies and Intellectual Property Registration Office				
9	Compensation Commissioner for Occupational Diseases				
10	Compensation Fund				
11	Construction Education and Training Authority				
12	Construction Industry Development Board				
13	Council for Geoscience				
14	Council for Medical Schemes				
15	Film and Publication Board				
16	Finance, Accounting, Management Consulting and Other Financial Services				
17	Financial Intelligence Centre				
18	Forest Industries Sector Education and Training Authority				
19	Government Printing Works				
20	Guardian Fund				
21	Health and Welfare Sector Education and Training Authority				
22	Human Sciences Research Council				
23	Independent Communication Authority of South Africa				
24	Independent Development Trust				
25	Independent Electoral Commission				
26	Information Systems, Electronic and Telecommunication Technologies Sector Education and Training Authority				
27	Insurance Sector Education and Training Authority				
28	Local Government Sector Education and Training Authority				
29	Mining Qualification Authority				
30	Municipal Demarcation Board				
31	National Development Agency				
32	National Energy Regulator of South Africa				
33	National Prosecuting Authority				
34	National Research Foundation				
35	National Youth Development Agency				
36	Petro SA				
37	Railway Safety Regulator				
38	Road Accident Fund				
39	South African Bureau of Standards				
40	South African Human Rights Commission				
41	South African Local Government Association				
42	South African National Parks				
43	South African National Roads Agency Limited				
44	South African Revenue Service				

ANNEXURE 5: Listing of findings related to IT focus areas

Number	Auditee	Focus areas			
		IT Governance	Security management	User access control	Information technology service continuity
45	South African Tourism				
46	South African Weather Service				
47	The Commission on Gender Equality				
48	The Public Protector of South Africa				
49	Water Trading Account				
50	Wholesale and Retail Sector Education and Training Authority				

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