



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

FINAL MANAGEMENT REPORT

Department of Public works and Infrastructure

31 March 2022

Communicated to the accounting authority on 30 July 2022





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CONTENT

MANAGEMENT REPORT TO THE ACCOUNTING OFFICER ON THE AUDIT OF THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE FOR THE YEAR ENDED 31 MARCH 2022	4
INTRODUCTION.....	4
OVERALL MESSAGE	7
SECTION 1: Interactions with stakeholders responsible for oversight and governance..	8
SECTION 2: Matters relating to the auditor's report.....	10
AUDIT OF THE FINANCIAL STATEMENTS	10
MATTERS TO BE BROUGHT TO THE ATTENTION OF USERS.....	11
AUDIT OF THE ANNUAL PERFORMANCE REPORT.....	Error! Bookmark not defined.
AUDIT OF COMPLIANCE WITH LEGISLATION.....	Error! Bookmark not defined.
OTHER INFORMATION	11
INTERNAL CONTROLS	15
MATERIAL IRREGULARITIES	19
OTHER REPORTS	19
SECTION 3: Assurance providers and status of implementation of commitments and recommendations	22
ASSESSMENT OF ASSURANCE PROVIDERS	23
STATUS OF IMPLEMENTING COMMITMENTS AND RECOMMENDATIONS	25
SECTION 4: Specific focus areas.....	28
FINANCIAL VIABILITY	28
PROCUREMENT AND CONTRACT MANAGEMENT	30
FRAUD AND CONSEQUENCE MANAGEMENT	33





BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) ACT AND	
REGULATIONS REQUIREMENTS.....	34
SECTION 5: Using the work of internal audit	34
SECTION 6: Emerging risks	35
SECTION 7: Entities controlled by the department	37
SECTION 8: Ratings of detailed audit findings	38
SECTION 9: Conclusion.....	38
SECTION 10: Summary of detailed audit findings	Error! Bookmark not defined.
DETAILED AUDIT FINDINGS: ANNEXURES A TO C	Error! Bookmark not defined.
ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT ...	Error! Bookmark not defined.
ANNEXURE B: OTHER IMPORTANT MATTERS.....	Error! Bookmark not defined.
ANNEXURE C: ADMINISTRATIVE MATTERS	Error! Bookmark not defined.
ANNEXURE D: PERFORMANCE MANAGEMENT AND REPORTING FRAMEWORK.....	40
Annexure D – Criteria developed from the performance management and reporting framework.....	41
ANNEXURE E: AUDITOR GENERAL'S RESPONSIBILITY FOR THE AUDIT OF THE REPORTED PERFORMANCE INFORMATION	46
Quality control relating to assurance engagements	46
Reported performance information	46
Communication with those charged with governance	47
ANNEXURE F: ASSESSMENT OF INTERNAL CONTROLS.....	48

MANAGEMENT REPORT TO THE ACCOUNTING OFFICER ON THE AUDIT OF THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE FOR THE YEAR ENDED 31 MARCH 2022

INTRODUCTION






1. The purpose of the management report is to communicate audit findings and other key audit observations to the accounting officer and to provide a summary of the material irregularities and suspected material irregularities of which the accounting officer was notified. The report does not constitute public information.

The management report includes audit findings arising from the audit of the financial statements, performance information and compliance with legislation for the year ended 31 March 2022. These findings were communicated to management and this report details management's response to these findings. The report includes information on the internal control deficiencies that we identified as the root causes of the matters reported. Addressing these deficiencies will help to improve the audit outcome.

2. In accordance with the terms of engagement, our responsibility in this regard is to:
 - express an opinion on the financial statements
 - express an opinion in the management report on the usefulness and reliability of the reported performance information for selected programmes, and report the material findings in the auditor's report
 - report on material findings relating to compliance with specific requirements in key applicable legislation, as set out in the general notice issued in terms of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)
 - Notify the accounting officer of any material irregularity or suspected material irregularities identified during the audit, and report on it in the auditor's report.
3. Our engagement letter sets out our responsibilities and those of the accounting officer in detail.
4. This management report consists of the overall message arising from the audit, summary of key findings and observations, annexures containing the detailed audit findings, annexures to the report on the audit of performance information as well as the annexure to internal control deficiencies reported.
5. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report is signed. In adherence to section 50 of the PAA, we do not disclose any information obtained during the audit and contained in this management report.
6. The **figure** that follows provides a pictorial summary of the audit results and our key messages on how to improve the audit outcomes with the focus on the following:
 - Status of the audit outcomes

- Status of the level of assurance provided by key role players
- Status of the drivers of internal controls
- Status of risk areas
- Root causes to be addressed

7. Movement from the previous year is depicted as follows:¹

-  Improved
-    Unchanged / slight improvement / slight regression
-  Regressed



1

To improve the **audit outcomes** ...

2

... the key role players need to **assure** that ...

5

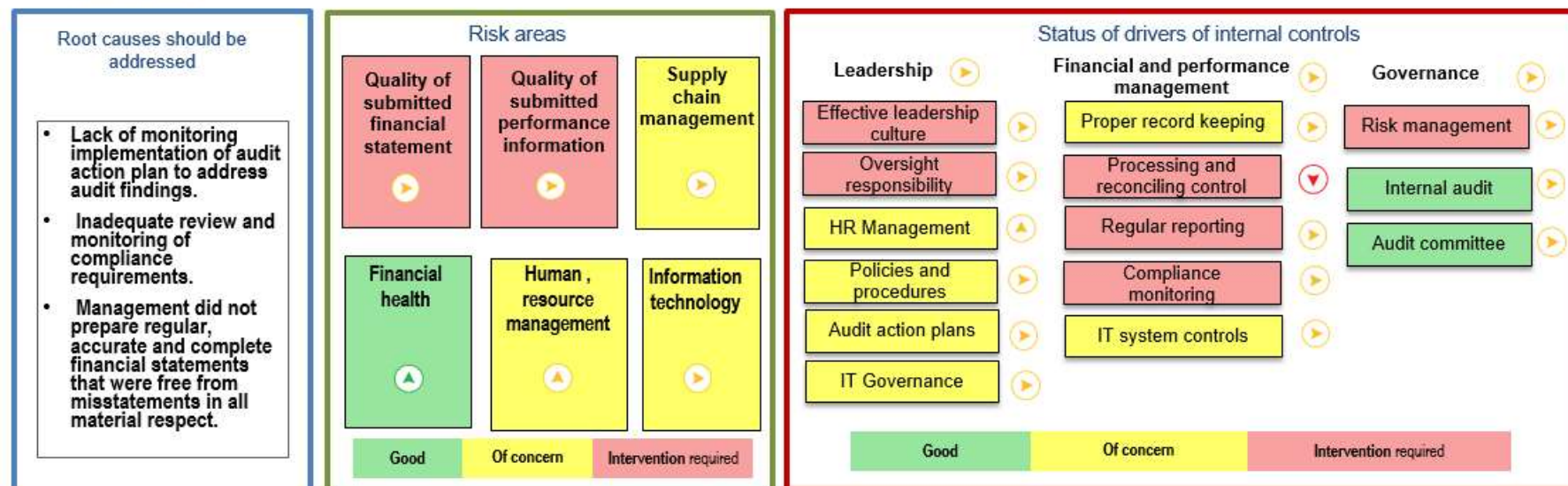
... the **root causes** are addressed ...

4

... the **risk areas** and ...

3

... attention is given to the **key controls** and ...

... the **best practices** are maintained.


OVERALL MESSAGE

8. We commend the department for making payments within 30 days, which was an area of concern in the past, it is however regrettable that the department's audit outcome has remained unqualified with audit findings which has been the same in the previous two years. The audit opinion remained the same as a result of a material misstatement with respect to cash and cash equivalents which was subsequently corrected. Notwithstanding the above, the reported performance information in relation to Programme 3: Expanded Public Works Programme and Programme 8: Construction Project Management remains unchanged from the prior year as both programmes obtained a qualified opinion.
9. There are further concerns regarding consequence management, as fruitless and wasteful expenditure balance that has been outstanding for more than 6 years has not been recovered from the responsible officials. The department did attempt to transfer the fruitless and wasteful expenditure to receivables; however, the process was not completed. With regards to allegations on irregular expenditure, the department has managed to investigate most of the cases however, it was noted that the upon conclusion of the investigations, remedial measures are not always implemented.
10. In addition, management did not consider all completed investigation reports when preparing the annual financial statements (AFS), consequently recommendations from these investigation reports were not implemented.
11. More over, the performance achievement reported in the Annual Performance Report (APR) materially differed with supporting documents. The supporting evidence provided for the reported achievement for Programme 8: Construction Project Management was not complete. This material issue, was reported in the prior year which also resulted in the programme to be qualified. Adequate internal control processes to ensure smooth coordination of Projects unit and the Monitoring & Evaluation unit were not adhered to ensure that misstatements were prevented and detected timeously.
12. Although slight record keeping improvements were noted, the audit opinion on EPWP has not changed much from the prior years. The performance information submitted for audit of Programme 3: Expanded Public Works Programme was not reliable and complete, and as a result the audit outcome remained unchanged as qualified audit opinion. This is due to inadequate review of information reported on the EPWP-RS system by the public bodies that resulted in material underreporting and overreporting misstatements on both indicators under the programme.
13. Notwithstanding the above, management made some progress in implementing action plans to address prior year audit findings on areas relating to information technology (IT) governance. However, there are still areas of concerns requiring attention such as user access management, security management and IT service continuity. As previously reported, we noted that some of the key ICT positions are still vacant, which resulted in capacity constraints. This was evident as there was slow progress in addressing some of the prior year findings.
14. The lack of implementing basic IT security and user access controls could further lead to unauthorised users gaining access to systems, resulting in data being compromised, denial of service attacks or data integrity issues and consequently overall disruption to business processes.

SECTION 1: INTERACTIONS WITH STAKEHOLDERS RESPONSIBLE FOR OVERSIGHT AND GOVERNANCE

15. During the audit cycle, we met with the following key stakeholders responsible for oversight and governance to communicate matters relating to the audit outcome of the department:

Key stakeholder	Purpose of interaction	Number of interactions
Portfolio committee on Public Works and Infrastructure	<ul style="list-style-type: none"> Meeting to share the audit outcomes and present the BRRR 	1
Standing committee on public accounts	<ul style="list-style-type: none"> Audits outcomes of DPWI portfolio over (5) Years 	2
Minister of the Department of Public works and Infrastructure.	<ul style="list-style-type: none"> 2021-22 Status update on Material irregularities 	3
Acting Director General	<ul style="list-style-type: none"> 2021-22 Status update on Material irregularities Detail discussion on interim management report Discussion of the engagement letter and audit Strategy Letters on Audit progress of the Public works portfolio 	4
Audit committee	<ul style="list-style-type: none"> To discuss governance and oversight Discussion of the engagement letter and audit strategy Communication of the interim management report Approval of the Department's Annual Financial Statements Management presentation on the audit action plans to address both internal and external audit findings. 	5
Senior Management	<ul style="list-style-type: none"> Weekly Audit Steering Committee meetings Presentation of the engagement letter and audit strategy Presentation of the interim management report 	15

16. At these interactions, we shared the following key matters affecting audit outcomes and the auditee:

- Audit engagement letter with specific emphasis on the roles and responsibilities of the auditor and management as well as those charged with governance.
- Overall audit strategy including the proposed nature, timing, and extent of audit procedures to be performed.
- PAA Amendments with the focus on progress made in addressing the material irregularities reported in the prior year.

17. All stakeholders made commitments to implement initiatives that can improve the audit outcome. The commitments given and the progress of previous commitments are included in section 3.2, which deals with the assessment of assurance providers.

SECTION 2: MATTERS RELATING TO THE AUDITOR'S REPORT

AUDIT OF THE FINANCIAL STATEMENTS

18. We identified material misstatements in the financial statements during the audit, which were subsequently corrected. These misstatements were not prevented or detected by the department's system of internal control. These material misstatements also constitute non-compliance with section 40(1) of the Public Finance Management Act (PFMA).

Material misstatement			Impact R current year	Impact R prior year
Financial statement item	Finding	Occurred in prior year		
Material misstatements corrected				
Cash and cash equivalents	Management did not disclose cash received in their bank account as at year-end on their AFS	No	R216 315 650	0
Payables	Management did not disclose a receivable for cash received in their bank account as at year-end which belonged to treasury on their AFS	No	R216 315 650	0



MATTERS TO BE BROUGHT TO THE ATTENTION OF USERS

Emphasis of matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matter.

Impairment of Receivables

20. As disclosed in note 11.5 of the annual financial statements, Estimate of impairment of receivables amounting to R62 026 000 is disclosed as a result of long outstanding debts which may not be recovered. This represents 72% of total receivables.

Details of fruitless and wasteful expenditures under assessment (not included in the main note)

21. As disclosed in note 25.2 of the to the annual financial statements, an amount of R54 541 470 which was spent on behalf of the Department of Basic Education(DBE) in relation to the school beautification programme has been referred for investigation subsequent to year end. This was as a result of a statement made by the DBE prior to year-end indicating that no school benefitted from this programme. Furthermore, DBE has indicated that it does not recognise any expenditure made by DPWI on its behalf in relation to the beautification of schools project and any amount referred to as outstanding debt.

Other matter

22. I draw attention to the matte below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

23. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

24. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by NT and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

25. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department's or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

26. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

27. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

28. We have undertaken a reasonable assurance engagement on the reported performance information for the following selected programmes presented in the department's annual performance report for the year ended 31 March 2022 :

Programmes	Pages in annual performance report	Opinion	Movement.
Programme 3 – Expanded Public Works Programme	x – x	Qualified	➡
Programme 8 – Construction Project Management	x – x	Qualified	➡

29. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements, ISAE 3000(R): *Assurance engagements other than audits or reviews of historical financial information*.
30. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Programme 3: Expanded Public Works Programme

Qualified opinion

31. In our opinion, except for the effects and the possible effects of the matters described in the basis for qualified opinion section of our report, the reported performance information for Programme 3: Expanded Public Works Programme is useful and reliable in accordance with the applicable criteria as developed from the performance management and reporting framework set out in annexure D to this report..

Basis for Qualified opinion

Various Indicators

32. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

Indicator number	Indicator description	Reported achievement
Indicator 3.1	Number of Work Opportunities Reported in EPWP-RS by the Public Bodies	1 016 646 work opportunities reported in EPWP-RS by Public Bodies (cumulative)
Indicator 3.2	Percentage EPWP participation amongst designated groups (Women, Youth and People With Disabilities) reported on the EPWP RS by the Public Bodies	69% Women 41% Youth 1% Persons With Disabilities

Programme 8: Construction Project Management

Qualified opinion

33. In our opinion, except for the effects of the matters described in the basis for qualified opinion section of our report, the reported performance information for Programme 8: Construction Project Management is useful and reliable in accordance with the applicable criteria as developed from the performance management and reporting framework set out in annexure D to this report.

Basis for Qualified opinion

Various indicators

34. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator number	Indicator description	Reported achievement
Indicator 8.1	No. of design solution completed for identified user departments	2
Indicator 8.5	No. of infrastructure projects completed	128

Other matters

35. I draw attention to the matter below. Our opinion is not modified in respect of this matter.

Achievement of planned targets

36. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the qualified opinions expressed on the reliability of the reported performance information in paragraphs [x; x; x] of this report.



Adjustment of material misstatements

37. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 8: Construction Project Management. As management subsequently corrected only some of the misstatements, we raised material findings on the reliability of the reported performance information. Those that were not corrected are included in the basis for qualified opinion paragraphs.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

38. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
39. The material findings on compliance with specific matters in key legislation are as follows:

Annual Financial Statements

40. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40 (1) (b) of the PFMA.
41. Material misstatements of current assets identified by the auditors in the submitted financial statements were corrected, which resulted in the financial statements receiving an unqualified opinion.

Expenditure Management

42. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3 759 000, as disclosed in note 24 to the annual financial statements, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by salaries paid to officials that were appointed irregularly per the public services commission investigation report.

Consequence Management

43. Disciplinary steps were not taken against some of the officials who had incurred or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA
44. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

OTHER INFORMATION

45. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
46. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
47. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained during the audit or otherwise appears to be materially misstated.
48. The following paragraphs will be included in the auditor's report to highlight to the users whether any inconsistencies in the other information exist:
49. We did not receive other information prior to the date of the auditor's report. When we do receive and read the information, if we concluded that there is a material misstatement therein, We are required to communicate the matter with those charged with governance and request that the other information be corrected. If the other information is not corrected, We may have to retract this auditor's report and re-issue the amended report as appropriate. However, if it is corrected, this will not be necessary.

INTERNAL CONTROLS

50. The significant deficiencies in internal control which led to our overall assessment of the status of the drivers of key controls, as included in the figure in paragraph x, are described below. The detailed assessment of the implementation of the drivers of internal control in the areas of financial statements, performance reporting and compliance with legislation is included in annexure F.

Leadership

Effective leadership culture

51. The accounting officer, with the support of senior management developed and implemented ten interventions to build on the improvements in audit outcomes and improved performance of the department. The successful implementation of these interventions is expected to steer the Department towards a Clean Audit in both the Main Vote and the Property Management Trading Entity (PMTE). However, the department is yet to realise the impact of these interventions as the audit outcome remained unchanged in the current year as a result of material adjustments on the financial statement.

Oversight responsibility

52. Senior management's efforts in implementing action plans developed has not yielded the desired results. Material misstatements were identified during the audit with respect to cash and cash equivalents line item due to inadequate review of the financial statements submitted for audit.

Human resource management

53. Overall vacancy rate for DPWI is 11%. The vacancy rate is slightly higher than the benchmark of 10%, however there is an improvement from the prior year as the prior year vacancy rate was 15.60%. The improvement was a result of management's drive to fill vacant positions.
54. An improvement in Senior Management vacancy rate was noted as well. The current year vacancy rate is 22% and the prior year vacancy rate is 31.90%. Vacancy rate has improved however, it is still very high. Senior management vacancy rate is still very high due to some of the positions being advertised and no suitable candidates were identified, this resulted in re-advertisements, furthermore, the budget for employee cost is not aligned with the organisational structure.

Policies and procedures

55. Management internal policies and procedures did not adequately address compliance with supply chain legislation as evidenced by non-compliance findings raised on procurement and contract management. Instances of non-compliance for procurement and contract management identified in the current year were also identified in the previous financial year which is an indication that the policies do not enhance preventative controls.
56. Furthermore, designed policies and procedures currently in place for the recognition and recording of cash and cash equivalent are not in line with MCS.

Action plans to address internal control deficiencies

57. The department developed action plans to address internal and external findings, however, the appropriate level of management did not ensure that the remedial action as per the plan is implemented timely. Findings that were reported on the audit of pre-determined objectives are recurring. Findings reported on local content are also recurring, furthermore, some of the local content non-compliances were identified by the department as well as through the audit. In addition, material findings were identified in the audit of financial statements which were subsequently corrected.

Information technology governance framework

Information technology governance was found to be inadequately designed and implemented with the following internal control deficiencies to be considered by management:

58. The ICT structure was approved on 30 September 2016, the Minister requested a re-configuration of the ICT structure to be aligned to the new mandate of DPWI. The post of the Chief Information Officer was advertised and the process of filling the position is underway. The post

for Deputy Director Project Manager was advertised and shortlisting and interviews completed, the process of appointing the recommended candidate is underway.

59. Management failed to meet key performance indicators (KPIs) as per the Annual Performance Plan (APP) due to dependencies on other parties which were not initially considered when committing to the KPIs. Furthermore, due to delays in procurement by the department.

Financial and performance management

Proper record keeping

60. Lack of proper record keeping by public bodies responsible for uploading data into the EPWP-RS system and inadequate review of data captured on the system which has resulted in materially misstated reported performance information in relation to programme 3 :EPWP. These controls would have ensured that supporting evidence for reported performance information is available in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance information.
61. Furthermore, internal control processes to ensure smooth co-ordination of Projects unit and the Monitoring & Evaluation unit were not adhered to in order to ensure that material misstatements in relation to programme 8:Construction Project Management, were prevented and detected timeously.

Daily and monthly processing and reconciling of transactions

62. The department did not implement controls over daily and monthly processing and recording of transactions. This resulted in an amount of R216 315 650 relating to cash and cash equivalents, not being disclosed in the financial statement of the department.

Regular, accurate and complete financial and performance reports

63. The reported achievements for pre-determined objectives included in the annual performance report for both programmes scoped-in(EPWP and CPM), were not supported by appropriate audit evidence in the previous audit cycle. Similar findings, as identified in the prior year have been communicated to management. Furthermore, a material misstatement was identified on the financial statements received audit in relation to cash and cash equivalents.

Compliance monitoring

64. Management's processes to ensure compliance with laws and regulations were not effective in ensuring that there is adequate consequence management in place as fruitless and wasteful expenditure has not been recovered even though it has been determined more than 6 years ago. Furthermore, although most of the irregular expenditure has been investigated, there has been no action based on the outcomes of the investigations.

Information technology systems

IT controls pertaining to service continuity, security management, user access management and change control management were not effectively designed and implemented due to the following key internal control deficiencies:

- 65. IT controls relating to Service Continuity were not resolved due to unavailability of hardware to test.
- 66. The ineffective implementation of review of user access rights on the Reapatala system could be attributed to a lack of resource capacity to review the user profiles due to a huge number of users across the regions.
- 67. The deficiencies relating to security management controls could be attributed to inadequate oversight by management to detect and address deviations from the policy prescripts timeously.

Governance

Risk management activities and risk strategy

- 68. The department conducted a risk assessment, as required by the PFMA. However, there are no processes in place to follow up on recommendations made by the Accounting Officer, which has resulted in some of the remedial action from investigation reports not being effected.

Internal audit

- 69. The internal audit performed several audits throughout the financial period (relating to, inter alia, quarterly performance information and contract management controls) and thus effectively discharged its duties, while senior management has a responsibility to design and implement preventative controls, internal audit function can also play a fundamental role in identifying areas of vulnerability where there are no preventative controls i.e. the regression in the financial audit opinion to enable oversight responsibility by other role players such as the audit committee and the accounting officer.

Audit committee

- 70. The audit committee was in place, fully functional for the financial period, and complied with relevant legislation.
- 71. Audit committee vigorously interrogated the audit action plans that were designed to address audit findings from both internal and external auditors and consistently monitored the implementation thereof. The audit committee members are highly skilled and experienced which enables robustness in the environment and the committee holds the executive as well as the accounting officer accountable for their actions that may hinder the department from obtaining the desired audit outcome.

Summary

72. The matters above, as they relate to the basis for the unqualified opinion, findings on the annual performance report and findings on compliance with legislation, will be summarised in the auditor's report as follows:
73. Management did not adequately apply the MCS financial reporting framework in the preparation of the annual financial statements. In addition, the appropriate level of management did not monitor adherence to the developed audit action plans in order to prevent repeat findings and improve internal reporting processes. Consequently, material adjustments on the statement of financial position were made in order to ensure that the financial statements are fairly and accurately presented.
74. Consequence management in line with the recommendations of completed investigation reports was not implemented in certain instances. Consequently, this has resulted in some of the officials who caused instances of irregular expenditure not being held liable.
75. Lack of proper record keeping by public bodies responsible for uploading data into the EPWP-RS system and inadequate review of data captured on the system which has resulted in materially misstated reported performance information in relation to programme 3 :EPWP. These controls would have ensured that supporting evidence for reported performance information is available in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance information. Furthermore, internal control processes to ensure smooth co-ordination of Projects unit and the Monitoring & Evaluation unit were not adhered to in order to ensure that material misstatements in relation to programme 8:Construction Project Management, were prevented and detected timeously.

MATERIAL IRREGULARITIES

76. In accordance with the PAA and the material irregularity regulations, we have a responsibility to report on material irregularities identified during an audit and on the status of material irregularities reported in the previous year.
77. We assessed the progress made in resolving the material irregularities reported in the previous year.
78. The auditor's report will include the following summarised information:

Expenditure on state events exceeded contract amount

79. The prices that were charged on the invoices for three state events that occurred from 6 July 2018 to 7 November 2018 were different from the prices that were quoted on the pricing schedule that was submitted by the supplier during the tender process and the non-



compliance resulted into material financial loss of R825 832. The non-compliance was identified with Treasury Regulation 8.1.1 as the internal procedures and internal control measures did not identify or prevent the irregular payments mentioned above.

80. The Accounting Officer was notified of the MI on 03 September 2020 and the appropriate actions committed in response to the notification (Investigate the expenditure into state events, quantify the full quantum of the likely financial loss, identify responsible officials and initiate the process to recover the financial loss) have not been implemented within reasonable time based on the evidence of progress made per the communication received from the accounting officer dated 07 May 2021.

81. The following recommendations were included in the previous year's audit report (2020-21) which should have been implemented by 3 February 2022:

- The irregular expenditure should be investigated and the financial loss incurred quantified in accordance with the applicable instructions notes.
- Appropriate action should be taken to recover the financial loss suffered by the department from the supplier
- Effective and appropriate disciplinary steps should commence against any official that the investigation found to be responsible as required by section 38(1)(h) of the PFMA and in accordance with treasury regulation 9.1.3.

82. Follow-ups were done with the Acting Accounting Officer and responses with supporting evidence were received on 31 August 2021 and 04 February 2022 which indicated that the following steps were being taken:

- A draft policy framework for contract management was introduced to be approved by 01 April 2022.
- The department has implemented a manual system where officials from Prestige Unit and Provisioning will manually compare quotation prices against scheduled prices before purchase orders are issued.
- Director: Provision and Logistics has been mandated to review all invoices from Prestige Unit against pricing schedules and official order issued to identify any anomaly.
- Segregation of duties has been introduced with the Prestige Unit functions.
- Furthermore, the cost norms and standard document has been drafted and sent to the Presidency for inputs as part of the review state, Official and Provincial Official funeral policy manual.
- Management went through the payment batches to understand and identify who the responsible project Manager(s) was/were and the official who approved the expenditure
- Management has written to the responsible officials to begin disciplinary actions in line with the applicable prescripts on discipline.

- The Department has commenced with the processes of recovering the overpayment of R825 832 from Side Production (Pt) Ltd, via State Attorney.
- The department is embarking on buying its own infrastructure and develop internal capacity to implement by itself and also procure a panel of service providers that be managed on a quotation basis.

83. Based on the assessment of the response and evidence presented, I have determined that the Accounting Officer is taking appropriate steps to address the MI. I will follow up on the implementation of further actions taken, , including the recovery of the loss and the finalisation of the disciplinary actions, during my next audit.

Price and quantity variances pertaining to the funeral related expenditure

84. The prices that were charged on invoices for some of the state funerals that occurred between May 2018 and December 2018 were different form the prices that were quoted on the price schedule that was submitted by the supplier during the tender process. In other instances the invoices that was submitted by the supplier for payment purposes, included items that were not initially quoted on in the pricing schedule, which was submitted by the supplier during the tender process. In addition, the quantities on the invoices in some instances differed from the quantities agreed to on the quotation, with not evidence of the additional items being requested by the department. This resulted in a financial loss of R9 121 374. Non-compliance was identified with Treasury Regulation 8.1.1, as the internal procedures and internal control measures did not identify or prevent the irregular payments mentioned above.

85. The Accounting Officer was notified of the MI on 02 September 2020 and invited to make a written submission on the actions taken and that will be taken to address the matter. The appropriate actions committed in response to the notification provided on 7 May 2021 are being implemented based on the evidence of progress made per the communication received from the accounting officer dated 10 June 2022.

86. Management conducted its own investigation into the matter to establish the accuracy of the issues raised by the AGSA. The investigation was finalised on 29 March 2019, confirmed the AGSA's findings, and further identified additional irregularities with respect to each funeral.

87. The Department further opened a case with the SA Police Services for civil recovery against the supplier as recommended by the investigation report. The case number is CAS793/2020 opened at Pretoria Central Police Station. Furthermore, the investigation report recommended disciplinary actions against the responsible officials. The matter was further referred to the Special Investigating Unit (SIU) on 18 September 2020. SIU then decided to conduct their own investigation on the matter and indicated that they will be pursuing a civil claim against the supplier. However, the SIU has not availed their report to the Department.

88. The Department approached the State Attorney to appoint legal counsel to assist the Department with disciplinary proceedings against the three officials still in the employ of the department. The disciplinary proceedings are currently under way for the suspended Director-General and is being handled by The Presidency. The hearings for the other two officials

implicated in the irregularity is being handled by the State Attorney. As at the date of this report, the disciplinary hearing had not been concluded against the officials.

89. A combined summons have been filed at the Gauteng high court(Pretoria) for case number 20987/22, in a matter between Minister of Public Works and Infrastructure(Plaintiff) and the supplier on 01 April 2022. The summons is in relation to payments made by DPWI in excess of the agreed pricing schedule provided by the paintiff during the tendering process stage by the supplier. This covers the two funerals in which the supplier was used to render services for the Mama Veronica Sobukwe funeral (R371 186) and the M Mtslali funeral (R124 315).The bulk amount of the outstanding financial loss to be recovered is being followed up by the SIU.
90. The accounting officer wrote to Treasury on 27 January 2022 requesting the supplier and its director to be restricted from doing business with the state due to fraudulent misrepresentation when submitting invoices for payment in respect of state funeral services. The application was referred back by NT on 31 Mar 2022 on the basis of the restriction being on PPR of 2017. The department is currently implementing the recommendations made in the response by NT.
91. The Accounting Officer approved the contract management policy on 11 April 2022, which sets out guidelines on contracts to enable effective delivery of goods, services and works in accordance with the terms and conditions of the contract.
92. I will follow up on the implementation and outcomes of the planned actions during my next audit.

OTHER REPORTS

93. We draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the department's financial statements, reported performance information and compliance with applicable legislation and other related matters. The reports noted do not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation. The summarised other reports will be included in the auditor's report as follows:
94. Investigation on Procurement Fraud and Irregular Payments' Allegations that were made to made to the transportation companies. The transport companies are responsible for the transportation of members of parliament and learners to and from the Parliamentary villages, parliament and schools. The investigation was concluded in the current financial year.
95. Investigation into allegation of project mismanagement leading to Department incurring Fruitless and wasteful expenditure. It was alleged that an amount of R6 689 725.96 was incurred as fruitless and wasteful expenditure for a project of repairing and maintenance at 1 Military Hospital. It was also alleged that electrical work was done at the first floor and was to be re-done during the upcoming project of refurbishment of the same first floor. This investigation was still ongoing as at year end.

SECTION 3: ASSURANCE PROVIDERS AND STATUS OF IMPLEMENTATION OF COMMITMENTS AND RECOMMENDATIONS²

ASSESSMENT OF ASSURANCE PROVIDERS

96. The annual report is used to report on the financial position of auditees, their performance against predetermined objectives and overall governance. One of the important oversight functions of Parliament is to consider auditees' annual reports. To perform this oversight function, they need assurance that the information in the annual report is credible. To this end, the annual report includes our auditor's report, which provides assurance on the credibility of the financial statements and the annual performance report, as well as on the auditee's compliance with legislation.
97. Our reporting and the oversight processes reflect on past events, as it takes place after the end of the financial year. However, management, the leadership and those charged with governance contribute throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.
98. We assess the level of assurance provided by these assurance providers based on the status of internal controls (as reported in section 2.6) and the impact of the different role players on these controls. We provide our assessment for this audit cycle below.

Senior management: provides limited assurance

99. Senior management did not implement some of the action plans effectively and inadequate review of the annual financial statements was conducted, which then resulted in material misstatements being identified in the annual financial statements submitted for audit. There was an increase in the non-compliance paragraphs, furthermore the audit of financial statements opinion remained the same as prior year, unqualified with findings. The audit opinion outcome on predetermined objectives is still qualified in the current year. The above is an indication that the action plans were not implemented effectively and timeously.

Accounting officer provides some assurance

100. We commend the Accounting Officer on establishing the MI unit in order to ensure that no additional material irregularities occur and further to investigate on-going Material irregularities. The accounting officer, with the support of senior management developed and implemented ten interventions to build on the improvements in audit outcomes and improved performance of the department. The successful implementation of these interventions is expected to steer the Department towards a Clean Audit in both the Main Vote and the Property Management Trading Entity (PMTE). However, it is noted that the accounting officer did not provide sufficient oversight to ensure that the action plans committed to by senior management are fully implemented. This resulted in an unqualified audit opinion with findings of financial statements in the current year which is the same as in the prior year. The audit opinion on predetermined

objectives still remains qualified as in the prior year. This is an indication that the corrective measures have not been fully actioned.

Executive authority provides assurance

101. The Minister requested a detailed report into the 100% expenditure by the Parliamentary Villages Board as the expenditure was incurred during a period when most of the parliamentary engagements were virtual. This is an indication that the Minister wants to ensure that the department does not rely on the auditors to identify irregularities and implementation of corrective measures.

Internal audit provides assurance

102. Legislation in South Africa requires the establishment, roles and responsibilities of internal audit units. Internal audit units form part of the internal control and governance structures of the department and play an important role in its monitoring activities.
103. The accounting officer should ensure that the internal audit function is adequately resourced to function effectively.
104. Internal audit provides an independent assessment of the department's governance, risk management and internal control processes. Internal audit have a significant role to play as an assurance provider due to the assurance skills that they possess and assurance activities that they perform. Effective internal audit units are able to have a positive impact on the status of key controls.
105. The internal audit unit of the department must prepare a risk-based audit plan and internal audit programme for each financial year. It must advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with the PFMA. The internal audit unit must also perform such other duties as may be assigned by the accounting officer.
106. Internal audit division was adequately resourced and did prepare a risk based audit plan. Internal audit also performed their duties as expected and made recommendations where they conducted audits and there were findings. The implementation of the recommendations is to be actioned by the relevant officials of the department.

Audit committee: provides assurance

107. Legislation requires the accounting officer to ensure the establishment of an audit committee.
108. The accounting officer is expected to ensure that the audit committee functions effectively to have a positive impact on the status of key controls.
109. The audit committee is an independent advisory body to the accounting officer and the management and staff of the department on matters relating to internal financial control and

internal audits; risk management; accounting policies; adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; the PFMA, Treasury Regulations and any other applicable legislation; performance evaluation and any other issues.

110. The audit committee is also expected to review the annual financial statements to provide an authoritative and credible view of the department, its efficiency and effectiveness and its overall level of compliance with the applicable legislation.

111. The department did have a functional audit committee. The audit committee did approve the annual financial statements submitted for audit after reviewing them. Furthermore, the audit committee ensured that they met throughout the year to provide recommendations and follow up on commitments by management.

STATUS OF IMPLEMENTING COMMITMENTS AND RECOMMENDATIONS

112. Below is our assessment of the progress in implementing the commitments made by the department to address the prior and current year's audit findings.

No.	Commitment	Made by	Date	Origin of commitment	Status
1	1) Appoint Service Providers to conduct the determination test on the confirmed available information. 2) Review the investigation reports for further referral to NT/LR and update the IE and FWE registers appropriately. 3) Investigate the remaining disclosed transactions of financial misconduct, make necessary referral to NT/LR and update the registers appropriately.	Director : Internal Control	31-Mar-22	Determination test on IE and FWE not conducted timeously on backlog transactions.	In Progress
2	1) Review receivables impairment circular in line with the latest Modified Cash Standards and Accounting Manual for Department. 2) Update the impairment assessment requirements list.	Director: Financial Accounting	31-Mar-22	Failure to assess all receivables balances at year end to determine whether the balances recognised are still recoverable	In Progress
3	1) Regular reminders to units with invoices outstanding for more than 21 days. 2) Issue letters to units failing to process payments within 30 days to provide reasons for non-compliance	Director: Financial Accounting	31-Mar-22	Monitoring controls did not ensure that creditors were paid within the required 30 days of receipt of the invoice.	Completed (Ongoing)

No.	Commitment	Made by	Date	Origin of commitment	Status
	<p>3) Send list of all non-compliance to Directorate: Labour Relations to proceed with consequences management</p> <p>4) Where managers fails to respond to the letters issued after 30 days, the matter will be referred to the Directorate: Labour Relations to proceed with consequences management</p> <p>5) Circulate report of invoices paid after 30 days to all respective managers on a monthly basis</p> <p>6) Process all invoices under the Chief Directorate; Financial Management in line with the standard turnaround time</p> <p>7) Communicate to the affected suppliers to renegotiate payment terms when there are circumstances that may results in payments not being made timeously.</p>				
4	<p>1) Enable and review security logs</p> <p>2) Deploy latest patches</p> <p>3) Configure adequate password settings</p>	Acting Chief Director: ICT	Regularly	Resource constraints within the ICT function.	Completed (Ongoing)
5	<p>1) Keep user profiles properly and according to best practice.</p> <p>2) Communicate minimum security requirements</p> <p>3) Update system to include user access rights</p>	Acting Chief Director: ICT	31-Mar-22	Insufficient record keeping of reviews of user access rights and system administrator's activities on Reapatala and EPWP systems.	Completed
6	<p>1) Develop EPWP coordination indicators for 2022/23 DPWI APP and submit them to GRC.</p> <p>2) Provide monthly reports of valid EPWP participants to reporting public bodies for reconciliation against their records.</p> <p>3) Check 60 projects implemented by DPWI and forward feedback reports to project managers.</p>	Director: EPWP	31-Mar-22	Lack of accurate and complete records	Completed

No.	Commitment	Made by	Date	Origin of commitment	Status
	<p>4) Check 120 projects implemented by metropolitan municipalities and forward feedback reports to the public bodies.</p> <p>5) Complete 100 public body visits, directed specifically at verification at public bodies that receive significant grant allocations.</p> <p>6) Roll out Version 2 of the EPWP Reporting System for Provincial Departments that will allow contracts, attendance registers and payment registers for participants to be uploaded.</p>				
7	Provide to the Executive Officer of the NSF amended clauses to the MoA for resolution of the finding relating to disclosures.	Director: EPWP	31-Jan-22	Incomplete disclosures for principal-agent arrangement and also misstatements in the presentation and disclosures for principal-agent arrangement.	Completed
8	Heads of SCM and Acquisition Directors to complete and submit Certificate of Completeness and Compliance (COCC) as well as confirming due diligence has been done in reviewing the registers and reports for completeness, accuracy and compliance in all material respects on a monthly basis.	Acting Director: SCM	Monthly (Done by the 4th of the new month for the preceding months transaction)	The submitted quotation report by HO and all regional offices were accompanied with the signed Certificates of Compliance and the reports were fully completed with no errors. Head Office and all Regional Offices reported on the COCC in relation to tenders.	In Progress
9	For deviations within quotation thresholds - these deviations must be declared in the Quotations Register and filtered for reporting also to the NT on a quarterly basis.	Acting Director: SCM	Monthly (SCM Man) and Quarterly (NT).	Deviation not included in the deviation register and not reported to NT.	Completed (Ongoing)

No.	Commitment	Made by	Date	Origin of commitment	Status
10	All applicable Local Content and Production tenders awarded in 2020/21 to be reported by end of September 2021 by all offices to the DTI.	Acting Director: SCM	30-Sep-21	Local content not reported to DTI	Completed

- 18 audit recommendations accepted by management in the prior year on matters included in the auditor's report and other important matters were implemented, or alternative actions were taken to resolve the finding.
- 6 recommendations are still being implemented.
- Details on the status of implementing the recommendations made in the previous year(s) are provided in section 10, which summarises the detailed audit findings.

SECTION 4: SPECIFIC FOCUS AREAS³

FINANCIAL VIABILITY

113. Our audit included a high-level overview of the department's financial viability as at year-end. The financial viability assessment provides useful information for accountability and decision-making purposes and complements the financial statements by providing insights and perspectives thereon. The financial viability assessment is expected to enhance timely remedial decision-making and policy reforms where financial viability may be at risk. It will also highlight to management those issues that may require corrective action and the urgency and magnitude of the reforms and decisions necessary to maintain operations. The information should be used to complement, rather than substitute, management's own financial assessment.

114. It should be noted that the financial viability assessment below is based on the department's financial statement amounts adjusted to reflect certain accrual accounting concepts.

FINANCIAL VIABILITY ASSESSMENT			
		AS AT 31 MARCH 2022	AS AT 31 MARCH 2021
EXPENDITURE MANAGEMENT			
1.1	Creditor payment period	27.3 Days	25.1 Days
1.2	30+ day accruals as a percentage of total accruals	9.0%	2.5%
	• Amount of 30+ day accruals	R 3 150 000	R 399 000
	• Amount of total accruals	R 34 897 000	R 16 091 000
REVENUE MANAGEMENT			
2.1	Debtor-collection period (after impairment)	0	69.1 Days
2.2	Debtors' impairment provision as a percentage of accrued departmental revenue	0%	0%
	• Amount of debtors' impairment provision	R 0	R 0

FINANCIAL VIABILITY ASSESSMENT			
		AS AT 31 MARCH 2022	AS AT 31 MARCH 2021
	• Amount of accrued departmental revenue	R 0	R 1 192 000
ASSET AND LIABILITY MANAGEMENT			
3.1	An accrual-adjusted deficit for the year was realised (total expenditure exceeded total revenue)	No	No
	• Amount of accrual-adjusted surplus/(deficit) for the year	R 133 754 000	R 63 642 000
3.2	An accrual-adjusted net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	• Amount of accrual-adjusted net current assets/(liability) position	(R 264 535 000)	(R 475 398 000)
3.3	An accrual-adjusted net liability position was realised (total liabilities exceeded total assets)	No	No
	• Amount of accrual-adjusted net asset/(liability) position	R 297 750 000	R 87 766 000
CASH MANAGEMENT			
4.1	The year-end bank balance was in overdraft	Yes	Yes
	• Amount of year-end bank balance (cash and cash equivalents)/(bank overdraft)	R 216 440 000	(R 83 112 000)
4.2	Cash shortfall as a percentage of next year's appropriation (budget), excluding "compensation of employees" and "transfers and subsidies" **	10.2 %	37.5 %
	• Amount of the cash surplus/(shortfall)	(R 52 790 000)	(R 189 116 000)
	• Amount of next year's appropriation (budget), excluding "compensation of employees" and "transfers and subsidies"	R 519 228 000	R 504 904 000
4.3	Amounts payable in future periods as a percentage of the budget for the next three years, excluding "compensation of employees" and "transfers and subsidies" ⁴	6.0 %	6.4 %
	• Amounts payable in future periods	R 95 689 000	R 98 876 000
	• Amount of the next three years' appropriation (budget), excluding "compensation of employees" and "transfers and subsidies"	R 1 568 100	R 1 545 904 000
4.4	Guarantees issued by the department as a percentage of next year's budget, excluding "compensation of employees" and "transfers and subsidies"	0.0 %	0.01 %
	• Amount of guarantees issued • Amount of next year's appropriation (budget), excluding "compensation of employees" and "transfers and subsidies"	R 53 000 R 519 228 000	R 53 000 R 504 904 000

FINANCIAL VIABILITY ASSESSMENT			
		AS AT 31 MARCH 2022	AS AT 31 MARCH 2021
4.5	Claims against the department as a percentage of next year's budget, excluding "compensation of employees" and "transfers and subsidies"	2.6 %	2 %
	<ul style="list-style-type: none"> Amount of claims against the department Amount of next year's appropriation (budget), excluding "compensation of employees" and "transfers and subsidies" 	R13 337 000 R 519 228 000	R 10 000 000 R 504 904 000
OVERALL ASSESSMENT ⁵			
Overall the financial viability is assessed as:		Green (Good)	Green (Good)
<i>* This indicator assumes that the unauthorised expenditure of R261 169 000, per note 9 will not be Approved with funding.</i>			

High-level comments

115. The department's financial position improved as indicated by the significant decline in the bank overdraft. This is mainly as a result of an increase in unspent voted funds. The bank overdraft will however remain until such a time when the unauthorised expenditure is condoned.
116. An amount R 216 440 000 of the bank balance in the current year relates to funds paid to the department by IDT. The department subsequently transferred the funds to National Treasury as the amount was an unspent portion of the IDT grant.
117. Creditors payment period has slightly regressed from as compared to the previous year. However, the indicator is still within the legislated 30 days payments period.

PROCUREMENT AND CONTRACT MANAGEMENT

118. The audit included an assessment of procurement processes, contract management and the related controls in place. These processes and controls must comply with legislation to ensure a fair, equitable, transparent, competitive and cost-effective supply chain management (SCM) system and to reduce the likelihood of fraud, corruption, favouritism, and unfair and other irregular practices. A summary of the findings from the audit are as follows:

Irregular expenditure

119. R65 000 (2%) of irregular expenditure incurred in the current financial year was as a result of the contravention of SCM legislation. Irregular expenditure in the current year also included a recurring amount of R3,7 million that relates to the irregularly appointed officials as per the PSC report. The root causes of the lack of effective prevention and detection are inadequate review and monitoring of payment processes.

Awards to persons in the service of the state and their close family members and/or business partners or associates.

120. The audit included an assessment of the interests of officials and their close family members or business partner or associates in suppliers to the department. Legislation specific to procurement does not prohibit the [name of auditee] from making such awards, but compliance with the legislation and policies was tested to ensure that conflicts of interest did not result in contracts being unfairly awarded or unfavourable price quotations being accepted, and that employees obtained approval for performing remunerative work outside their employment as required.

121. The findings were as follows:

Finding	Number and value of awards made	Number and positions of official	Number of suppliers	Further non-compliance or irregularities			
				Supplier did not submit declaration of interest	Supplier did not declare interest (false declaration)	Official did not declare interest	Official involved in awarding contract/quotation
Awards made to business partners and associates of officials of the department	1 R496 800	1 Chief Director:E PWP Operations	1	N/A	No	No	No

Employees doing business with the state

122. Regulation 13(c) of the Public Service Regulations of 2016 prohibits employees of departments from doing business with the state from 1 August 2016. The transitional provisions of the regulations require that the following actions must be taken by 1 February 2017 in relation to those contracts that were awarded before 1 August 2016. An employee shall:

- cease to conduct business with the organ of the state
- resign as an employee, or
- Resign as a director of a company that conducts business with an organ of state or resign as an employee.

123. Furthermore, section 30(1) of the Public Service Act of 1994 states, "No employee shall perform or engage himself or herself to perform remunerative work outside his or her employment in the relevant department, except with the written permission of the executive authority of the department.

124. The table below provides a summary of findings on employees doing business with the state. These findings amount to contravention of the Public Service Code of Conduct, which must be investigated and action taken in accordance with the provisions of the Public Service Act.

	Employees doing business with the department	Employees doing business with other organs of state
Contracts secured after 1 August 2016		
Number of employees	0	1
Number of contracts/quotations	0	1
Value of contracts	0	R943 287
Ongoing contracts awarded before 1 August 2016 – where no action was taken to dispose of the interest		
Number of employees	0	0
Number of contracts/quotations	0	0
Value of contracts	0	0
Number of employees performing other remunerative work without approval	0	1

Procurement processes

125. The table below is a summary of findings identified on procurement processes:

Information	Total		Quotations		Competitive bids		Contract management	
	Number	Value	Number	Value	Number	Value	Number	Value
Awards selected for testing	46	R137 496 807	28	R5 577 638	4	R45 306 936	12	R86 612 233
Expenditure incurred on selected awards – current year		R82 395 205		R4 022 751		R2 885 885		R75 486 569
Limitations – awards selected but could not be tested	0	0	0	0	0	0	0	0
Awards on which non-compliance was identified	2	R452 780	1	R452 780	0	R0	0	R0
Irregular expenditure identified	2	R452 780	1	R452 780	0	R0	0	R0
Instances of irregular expenditure where goods/services	0	R0	0	R0	0	R0	0	R0

Information	Total		Quotations		Competitive bids		Contract management	
	Number	Value	Number	Value	Number	Value	Number	Value
were not received								

Local content and production (designated sectors)

- Specifications for one (1) award with a total value of R25 280 did not stipulate the minimum threshold for local production and content.

Preferential Procurement Regulations

- One (1) quotation with a total value of R427 500 was awarded to a supplier who did not provide a valid B-BBEE certificate

FRAUD AND CONSEQUENCE MANAGEMENT

126. The primary responsibility for preventing and detecting fraud rests with management and those charged with governance. We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report that includes our opinion. Due to the inherent limitations of an audit, there is a risk that some material misstatements, including fraud, may not be detected.

127. Below is a summary of fraud risk factors that should be addressed to ensure that sufficient measures/controls are in place to prevent material misstatement due to fraud.

128. The PFMA and its regulations clearly stipulate that matters such as incurring unauthorised, irregular as well as fruitless and wasteful expenditure, the possible abuse of the SCM system (including fraud and improper conduct) and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of the investigations. Our audits included an assessment of the department's management of consequences. The significant findings are provided below

Measures to manage consequences

129. The following measures were not implemented to ensure that the environment is conducive to effective consequence management:

- The department did adopt systems (policies) to investigate allegations of misconduct and disciplinary procedures. However, these were not adhered to in certain instances as there was fruitless and wasteful expenditure of R973 000 which has not been investigated for more than 6 years.

Ongoing investigations

130. A total of 18 investigations were ongoing at year-end into allegations relating to financial misconduct, fraud and/or improper conduct in SCM. The table below provides a summary of investigations which had not been completed as at year-end.

Total number of ongoing investigations as at year-end	18
• Number of SCM-related investigations	2
• Number of fraud-related/corruption investigations	12
• Number of nepotism investigations	4

Recommendations not implemented for completed investigations

131. The PFMA treasury regulation requires that at completion of an investigation, disciplinary proceedings are held. A total of fourteen (14) investigations were completed during the current year. For one (01) completed investigation, appropriate action (sanction) was not taken as per the findings.

Failure to properly deal with allegations reported in the prior year

132. The table below provides a summary of findings from the previous year that were either not investigated or proper disciplinary steps were not taken after investigation.

Finding	Value
Irregular expenditure	
Effective and appropriate disciplinary steps were not taken against officials who made or permitted irregular expenditure	R19 274 750
Fruitless and wasteful expenditure	
Effective and appropriate disciplinary steps were not taken against officials who made or permitted fruitless and wasteful expenditure	R973 000
Losses resulting from fruitless and wasteful expenditure were not recovered from the person liable	R973 000

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) ACT AND REGULATIONS REQUIREMENTS

133. The audit included confirming whether the requirements as set out in the B-BBEE Act and Regulations were adhered to. The purpose of this value-add initiative is to highlight the requirements contained in the B-BBEE Act and Regulations. Below is the list of findings identified:

- The Department did not submit the FORM B-BBEE 1, the approved audited annual financial statements, the approved annual report pertaining to the 2020-21 financial year to the B-BBEE Commission as required by regulation 12(2) of the B-BBEE Regulations.

SECTION 5. USING THE WORK OF INTERNAL AUDIT

134. The auditing standards allow external auditors the optional use of the work of internal auditors for external audit purposes and for direct assistance. We have used internal audit as follows:

- All internal audit report were considered for risk identification



- The internal audit function was used for external audit purposes or for direct assistance as follows:
 - Movable tangible and intangible assets: Perform asset verification at regional offices
 - Compensation of employees: Employee verification at regional offices

SECTION 6: EMERGING RISKS

Accounting, performance management/reporting and compliance matters

New pronouncements

Modified cash standard

135. The following emerging risks are relevant for the 2021-22 audit cycle.

Componentisation of assets

- Departments are encouraged to componentise assets in their asset registers as it will become a requirement in future. The effective date to componentise assets has not been determined yet.

Subsequent events

136. We considered the following sources to determine whether there are events which may have an impact on the audit outcome. Based on our assessment, we have not identified any matters which require management to make changes to the annual financial reports and which may subsequently impact the audit outcome. However, we encourage management to report and subsequent events which may come to their attention in accordance with the reporting frameworks.

- Media Reports
- Change in oversight
- Political initiatives

Audit findings on the annual performance report that may have an impact on the audit opinion in future

137. The planned and reported performance information of selected programmes was audited against the following additional criteria as developed from the performance management and reporting framework:

- Presentation and disclosure – overall presentation
 - Overall presentation of the performance information in the annual performance report is comparable and understandable
- Relevance – completeness of relevant indicators
 - Completeness of relevant indicators in terms of the mandate of the auditee, including:
 - relevant core functions are prioritised in the period under review

- relevant performance indicators are included for the core functions prioritised in the period under review

Material audit findings arising from the audit against the additional criteria do not have an impact on the audit opinion of the selected programmes in this report. However, it may impact on the audit opinion in future.

SECTION 7: ENTITIES CONTROLLED BY THE DEPARTMENT

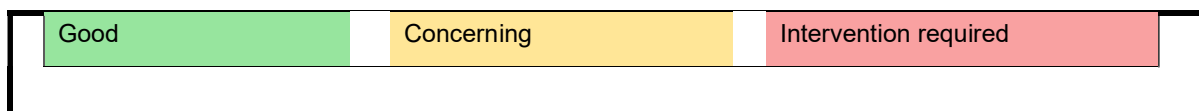
138. In terms of the PFMA, the department has certain oversight responsibilities regarding the entities over which it has ownership control. The audit outcomes of these entities are summarised

Name of entity	Audit outcome			Significant deficiencies in internal control					
	Financial statement opinion	Findings on the performance report	Findings on compliance	Leadership		Financial and performance management		Governance	
				Assessment	Movement	Assessment	Movement	Assessment	Movement
Property Trading Management Entity(PMTE)	Disclaimer	Not applicable	Material findings	▼	▼	▼	▼	▼	▼
Independent Development Trust (IDT)	In progress	In progress	In progress						
Construction Industry Development Board(CIDB)	In progress	In progress	In progress						
Council for the Built Environment(CBE)	Clean audit	No material findings	No material findings	►	►	►	►	►	►
Agreement South Africa(ASA)	In progress	In progress	In progress						
Parliamentary Village Management Board	Not submitted	Not submitted	Not submitted	►	►	►	►	►	►

► Improved

► Unchanged

▼ Regressed



139. We performed procedures to evaluate the department's oversight of the public entities under its control. The following are our findings in this regard:

We noted that one of the department's entities, Parliamentary Village Management Board has not submitted annual financial statements for audit since its establishment in 2013. Auditor General has sent letters to the Minister of the Department of Public Works and Infrastructure requesting financial statements for the Parliamentary Village Management Board and no financial statements have been submitted. The department transfers money to the entity, however, the entity is audited on the funds received and spent.

SECTION 8: RATINGS OF DETAILED AUDIT FINDINGS

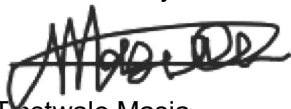
140. For purposes of this report, the detailed audit findings included in annexures A to C have been classified as follows:

- Matters to be included in the auditor's report: These matters should be addressed as a matter/ of urgency.
- Other important matters: These matters should be addressed to prevent them from leading to material misstatements of the financial statements or material findings on the performance report and compliance with legislation in future.
- Administrative matters: These matters are unlikely to result in material misstatements of the financial statements or material findings on the performance report and compliance with legislation.

SECTION 9: CONCLUSION

141. The matters communicated throughout this report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. Our staff remain committed to assist in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner.

Yours faithfully



Tintswalo Masia
Senior Manager: National A

2022/07/31

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Head of internal audit unit
Executive authorit

ANNEXURE D: PERFORMANCE MANAGEMENT AND REPORTING FRAMEWORK

The Performance Management and Reporting Framework (PMRF) consists of the following:

- Legislation applicable to performance planning, management and reporting, which includes the following:
 - Public Finance Management Act 1 of 1999 (PFMA)
 - Treasury Regulations, 2005 issued in terms of the PFMA
 - National Treasury practice note 4 of 2009-10
 - Public Service Act, 1994 (PSA)
 - Public Service Regulations, 2016 issued in terms of the PSA
 - Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 (FMPPL)
 - Regulations for reporting by public higher education institutions, 2014, issued in terms of the Higher Education Act, 1997 (applicable to universities only)
- The Framework for Managing Programme Performance Information (FMPPI), issued by the National Treasury. This framework is applicable to all spheres of government.
- The Revised Framework for Strategic Plans and Annual Performance Plans, (Revised FSAPP) , issued in terms of the National Treasury instruction No. 10 of 2020. This framework is applicable to all national and provincial departments, constitutional institutions and those public entities listed in parts A and C of schedule 3 of the PFMA.
- Circulars and guidance issued by the National Treasury and the Department of Public Service and Administration (DPSA), Department of Cooperative Governance and Traditional Affairs (Cogta) and supported by the Department of Planning Monitoring and Evaluation (DPME) regarding the planning, management, monitoring and reporting of performance against predetermined objectives.

ANNEXURE D – CRITERIA DEVELOPED FROM THE PERFORMANCE MANAGEMENT AND REPORTING FRAMEWORK

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
	Departments / constitutional institutions / trading entities	Public entities	Parliament / provincial legislatures	Universities
Consistency: performance indicators and targets are consistent between planning and reporting documents				
1. Reported indicators are consistent or complete when compared to planned indicators	Section 40(3)(a) of the PFMA NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Section 25(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 55(3)(d) of the FMPPLA	Section 5(2)(k) & 7(4)(a) of the regulations for reporting by public higher education institutions
2. Changes to indicators are approved	TR 5.1.1 NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Sections 4.4.3 and 4.4.4 of Revised FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Sections 4.4.3 and 4.4.4 of Revised FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 15(1) and (2)(b) of the FMPPLA	Section 5(2)(m) of the regulations for reporting by public higher education institutions



CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
	Departments / constitutional institutions / trading entities	Public entities	Parliament / provincial legislatures	Universities
3. Reported targets are consistent or complete when compared to planned targets	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Section 25(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 55(3)(d) of the FMPPLA	Section 5(2)(k) & 7(4)(a) of the regulations for reporting by public higher education institutions
4. Changes to targets are approved	TR 5.1.1 NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Sections 4.4.3 and 4.4.4 of Revised FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction No.10 of 2020-21: Implementation of the Revised FSAPP Sections 4.4.3 and 4.4.4 of Revised FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 15(1) and (2)(b) of the FMPPLA	Section 5(2)(m) of the regulations for reporting by public higher education institution
5. Reported achievements are consistent with the planned and reported indicator and target	Section 40(3)(a) of the PFMA	Section 55(2)(a) of the PFMA	Section 55(3)(d) of the FMPPLA	Section 7(4)(a) of the regulations for reporting by public higher education institutions
Measurability: Performance indicators are well defined and verifiable, and targets are specific, measurable and time bound				
6. A performance indicator is well defined when it has a clear definition so that data will be collected consistently	FMPPI chapter 3.2		Criteria not applicable	Section 1(d) of the regulations for reporting by public higher education institutions



CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
	Departments / constitutional institutions / trading entities	Public entities	Parliament / provincial legislatures	Universities
and is easy to understand and use				
7. A performance indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator	FMPPi chapter 3.2		Criteria not applicable	
8. A target is specific when the nature and the required level of performance of the target are clearly identifiable	FMPPi chapter 3.3		Criteria not applicable	Section 1(a) of the regulations for reporting by public higher education institutions
9. A target is measurable when the required performance can be measured	FMPPi chapter 3.3		Criteria not applicable	Section 1(b) of the regulations for reporting by public higher education institutions
10. A target is time bound when the time frames for the achievement of the target are indicated	FMPPi Chapter 3.3		Criteria not applicable	Section 1(c) of the regulations for reporting by public higher education institutions
Relevance: Performance indicators relate logically and directly to an aspect of the entity's mandate and the realisation of its strategic goals and objectives				
11. The performance indicator and target relate logically and directly to an aspect of the entity's mandate and the realisation of its strategic goals and objectives	FMPPi chapter 3.2		Criteria not applicable	Section 1(e) of the regulations for reporting by Public Higher Education Institutions



CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
	Departments / constitutional institutions / trading entities	Public entities	Parliament / provincial legislatures	Universities
Presentation and disclosure: Performance information in the annual performance report is presented and disclosed in accordance with the requirements contained in legislation, frameworks, circulars and guidance				
12. Reasons for variances between planned and actual performance are disclosed in the annual performance report	The NT's annual report guide for national and provincial departments Section 31(1) of the PSR	Applicable to schedule 3A & 3C public entities: The NT's annual report guide for schedule 3A and 3C public entities	Criteria not applicable	
13. Reasons for variances are corroborated by source documentation	The NT's annual report guide for national and provincial departments FMPPI chapter 5	Applicable to schedule 3A & 3C public entities: The NT's annual report guide for schedule 3A and 3C public entities FMPPI chapter 5	Criteria not applicable	
14. Changes to performance indicators and performance targets are disclosed in the annual performance report	NT annual report guide for national and provincial departments Section 31(1) of the PSR	Applicable to 3A & 3C public entities: NT annual report guide for schedule 3A and 3C public entities	Criteria not applicable	
Reliability: Recording, measurement, collation, preparation and presentation of information on actual performance / target achievements that are valid, accurate and complete				
1. Reported performance occurred and pertains to the reporting entity	Section 40(3)(a) of the PFMA Chapter 5 of the FMPPI	Section 55(2)(a) of the PFMA chapter 5 of the FMPPI	Section 55 of the FMPPLA	Section 7 of the regulations for reporting by public higher education institutions



CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
	Departments / constitutional institutions / trading entities	Public entities	Parliament / provincial legislatures	Universities
2. Reported performance is recorded and reported accurately	Section 25(1)(e) of the PSR			
3. All actual performance is recorded and included in the reported performance information				

ANNEXURE E: AUDITOR GENERAL'S RESPONSIBILITY FOR THE AUDIT OF THE REPORTED PERFORMANCE INFORMATION⁶

1. As part of our engagement conducted in accordance with ISAE 3000(R), we exercise professional judgement and maintain professional scepticism throughout our reasonable assurance engagement on reported performance information for selected programmes.
2. We are independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to our audit in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

Quality control relating to assurance engagements

3. In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Reported performance information

4. In addition to our responsibility for the assurance engagement on reported performance information as described in the auditor's report, we also:
 - identify and assess risks of material misstatement of the reported performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. In making those risk assessments, we consider internal controls relevant to the management and reporting of performance information per selected programme in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the documentation maintained by the department that supports the generation, collation, aggregation, monitoring and reporting of performance indicators and their related targets for the selected programmes
 - evaluate and test the usefulness of planned and reported performance information, including presentation in the annual performance report, its consistency with the approved performance planning documents of the department, and determine whether the indicators and related targets were measurable and relevant
 - evaluate and test the reliability of information on performance achievement to determine whether it is valid, accurate and complete.




Communication with those charged with governance

5. We communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
6. We also confirm to the accounting officer that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, the actions taken to eliminate threats, or the related safeguards applied.




ANNEXURE F: ASSESSMENT OF INTERNAL CONTROLS⁷
















Below is our assessment of implementing the drivers of internal control based on significant deficiencies identified during our audit of the financial statements, the annual performance report and compliance with legislation. Significant deficiencies occur when internal controls do not exist, are not appropriately designed to address the risk, or are not implemented. These either had caused, or could cause, the financial statements or the annual performance report to be materially misstated, and material instances of non-compliance with legislation to occur.

The internal controls were assessed as follows:



















	The required preventative or detective controls were in place.
	Progress was made on implementing preventative or detective controls, but improvement is still required, or actions taken were not or have not been sustainable.
	Internal controls were either not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls.

The movement in the status of the drivers from the previous year-end to the current year-end is indicated collectively for each of the three audit dimensions under the three fundamentals of internal control. The movement is assessed as follows:

	Improved
	Unchanged
	Regressed

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
Leadership						
Overall movement from previous assessment						
• Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity						
• Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls						

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
• Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	☹	☹	☹	☹	☹	☹
• Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities	☹	☹	☹	☹	☹	☹
• Develop and monitor the implementation of action plans to address internal control deficiencies	☹	☹	☹	☹	☹	☹
• Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance	☹	☹	☹	☹	☹	☹
Financial and performance management						
Overall movement from previous assessment	↓		↔		↔	
• Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	☹	☹	☹	☹	☹	☹
• Implement controls over daily and monthly processing and reconciling transactions	☹	☹	☹	☹	☹	☹
• Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	☹	☹	☹	☹	☹	☹
• Review and monitor compliance with applicable legislation	☹	☹	☹	☹	☹	☹
• Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and IT service continuity	☹	☹	N/A	N/A	N/A	N/A
Governance						
Overall movement from previous assessment	↔		↔		↔	

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
<ul style="list-style-type: none"> Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored 						
<ul style="list-style-type: none"> Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively 						
<ul style="list-style-type: none"> Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation 						

¹ Movement arrows

Improved – only improvement of more than 5% is regarded as an improvement

Unchanged – 0% movement

Slight regression – only regression of 5% or less is regarded as a slight regression

Slight improvement – only improvement of 5% or less is regarded as a slight improvement

Regression – only regression of 5% or more is regarded as a regression

² Assessment of assurance providers

The colours should be amended to indicate the correct status of each driver. The following options are available to choose from when assessing the level of assurance provided by assurance providers:

- Provides assurance
- Provides some assurance
- Provides limited or no assurance
- Vacant or not established

NB: The level of assurance provided should be assessed for all the key positions as per the assurance working papers even if, at the time of the assessment, the positions were vacant (i.e. the person/s who was/were acting in the roles must be assessed. The vacancy option must not be selected if there was a person acting in the role).

'Not established' means that the assurance provider was not formed, 'vacant' means that membership was insufficient to constitute the assurance provider.

The assessment of the level of assurance provided by assurance providers must be based on the following:

Assurance providers	Basis of assessment
Senior management	<p>Overall key control assessment of financial and performance management controls.</p> <p>Refer to the assurance providers working paper – entities other than departments, PFMA – key officials and assurance providers (departments).</p>
Accounting [authority/officer]	<p>Overall key control assessment of:</p> <ul style="list-style-type: none"> - leadership controls - risk management activities (included in governance controls). <p>Refer to the assurance providers working paper – entities other than departments, PFMA – key officials and assurance providers (departments).</p>
Minister/MEC	<p>Overall key control assessment of leadership controls.</p> <p>Assessment of the impact of executive authority on the controls of the auditee based on interactions with the executive, commitment given and honoured and the impact of actions/initiatives by the executive.</p> <p>Refer to the assurance providers working paper, PFMA – key officials and assurance providers (departments)</p>
Internal audit and audit committee	<p>Overall status of the drivers of key controls.</p> <p>Note: The assessment must be the same as the overall status of the drivers of key controls for both assurance providers.</p>

³ Specific focus areas

This focus area must be reported on for all PFMA and MFMA auditees, except for small auditees and dormant auditees where financial viability is clearly not applicable, or if the auditee is in the process of being wound-up/liquidated.

The financial viability reporting is only required to be completed at entity level. It is not required at consolidation level for auditees that have control over one or more entities.

Completion of the financial viability reporting is also encouraged for public sector auditees not audited by the AGSA in accordance with section 4(3) of the PAA, but is not mandatory for such auditees.

⁴ The indicator compares amounts payable in future periods irrespective of how long into the future such amounts become payable, against the auditee's budget for the next three years. If such a mismatch in comparison periods exists, it should be contextualised below in the overall high-level comments that follow the financial viability table.

⁵ Refer to the *Financial viability reporting* section of the *Specific focus areas* chapter in the reporting guide for guidance and examples on how to make the overall assessment of “red”, “yellow” or “green”.

⁶ **Annexure E** should be omitted when the opinion is disclaimed.

⁷ **Annexure F – Assessment of internal controls**

The assessment should be done at an overall level for each audit dimension. The table summarises the overall status of the drivers of internal control after the assessment of key controls for financial statements, performance information and compliance with legislation. The overall status presented in this table informs the information in the general report. The movement from the prior year-end to the current year-end should be included next to the heading *Overall movement from previous assessment* under each fundamental of internal control for each audit dimension.

The assessment should be obtained as follows, using the AS MIS report 129 – AO Listing – PFMA key drivers of audit outcomes – by ABU:

Leadership

Add all the “Overall” scores of the six areas under leadership per auditee.

By using the following formula for leadership, determine the total and percentage for:

(i) Green = COUNTIFS (Range, “10”)

(ii) Orange = COUNTIFS (Range, “>9”, Range, “<14”)

(iii) Red = COUNTIFS (Range, “>13”)

Financial and performance management

Add all the “Overall” scores of the five areas under financial and performance management per auditee.

By using the following formula for financial and performance management determine the total and percentage for:

(i) Green = COUNTIFS (Range, “<9”)

(ii) Orange = COUNTIFS (Range, “>8”, Range, “<13”)

(iii) Red = COUNTIFS (Range, “>12”)

Governance

Add all the “Overall” scores of the three areas under governance per auditee.

By using the following formula for governance determine the total and percentage for:

(i) Green = COUNTIFS (Range, “<5”)

(ii) Orange = COUNTIFS (Range, “>4”, Range, “<7”)

(iii) Red = COUNTIFS (Range, “>6”)

Please note that the formula for each of the three areas (leadership, financial and performance management and governance) is different – do not copy the same formula for each of the areas.

The internal control table should be included even if there is nothing to report, because the auditor includes an icon in the cells next to each driver to indicate whether management had achieved the three fundamentals of internal control.

If material non-compliance with supply chain management legislation is reported in the auditor's report and/or in part A of section 3 of the management report, the internal control table should reflect the applicable control deficiencies in the compliance with legislation column. Refer to chapter 5 for guidance on the typical control deficiencies.

When detailing the deficiencies below, reflect on the root cause of the deficiency (in other words, why it had occurred).

If a root cause is not clear, try asking questions that start with "why" until there are no more questions that can be asked. The answer to the last "why" is probably the root cause of the finding.

Because there may be many potential root causes, it is important to focus on the key causes. That is, the actions need to address the primary drivers of the findings, and not necessarily all of the potential, yet minor, causes.

Sometimes the root cause is quite simple or obvious (e.g. management simply did not think about doing something). The auditor should not assume that the root cause is an elaborate or complicated set of circumstances.

The root cause should be described in concise, direct language. It is typically necessary to share the root causes with the process owner who is typically looking for a brief explanation of why a finding is raised.

The table should be completed as follows in relation to work performed by information systems auditors:

Leadership – IT governance framework:

The cells relating to **financial, performance reporting and compliance with legislation** should be completed.

Governance – IT risks:

A separate assessment will not be done under governance. It should be dealt with as part of the IT governance framework.

Financial and performance management – Formal controls over IT systems:

The cells relating to the **financial** column should be completed for the general control audits performed. The cells relating to **performance objectives** and **compliance with legislation** should be marked as **N/A**.

The **Performance reporting** cells should only be completed if IS audits on performance objectives have actually been performed.