



AUDITOR-GENERAL
SOUTH AFRICA

Presentation to SCOPA:
Audit outcomes of
national departments
as at November 2013

Our reputation promise/mission

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



Presentation outline

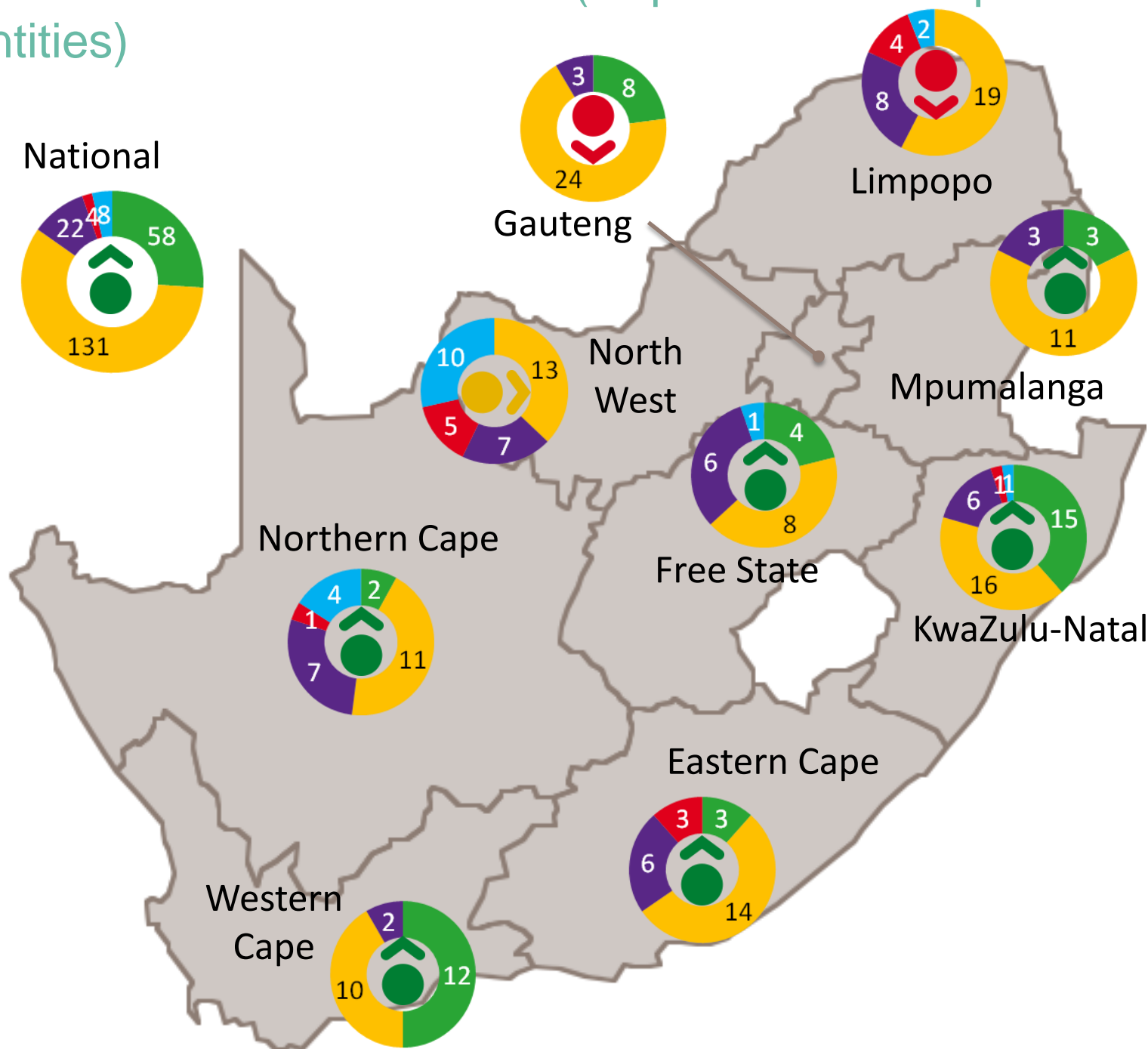
1. **Audit outcomes 2012-13**
2. **Drivers of audit outcomes**
3. **Unauthorised, irregular as well as fruitless and wasteful expenditure**
4. **Budget and grant management**



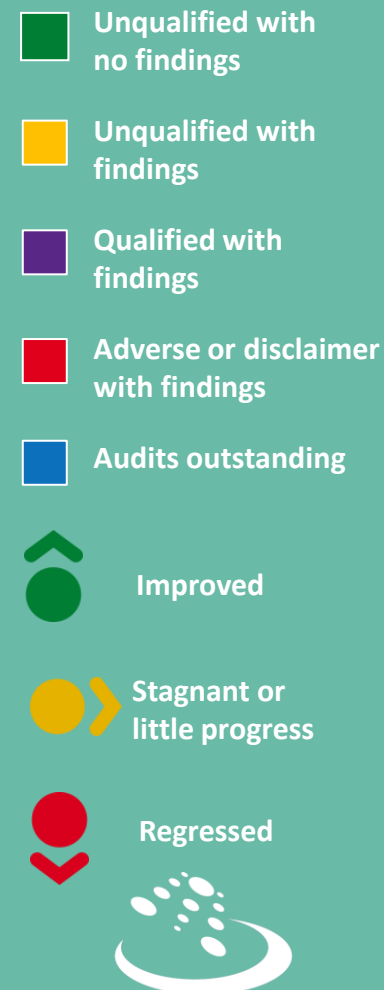
2012-13 Audit outcomes



Overall audit outcomes (Departments and public entities)

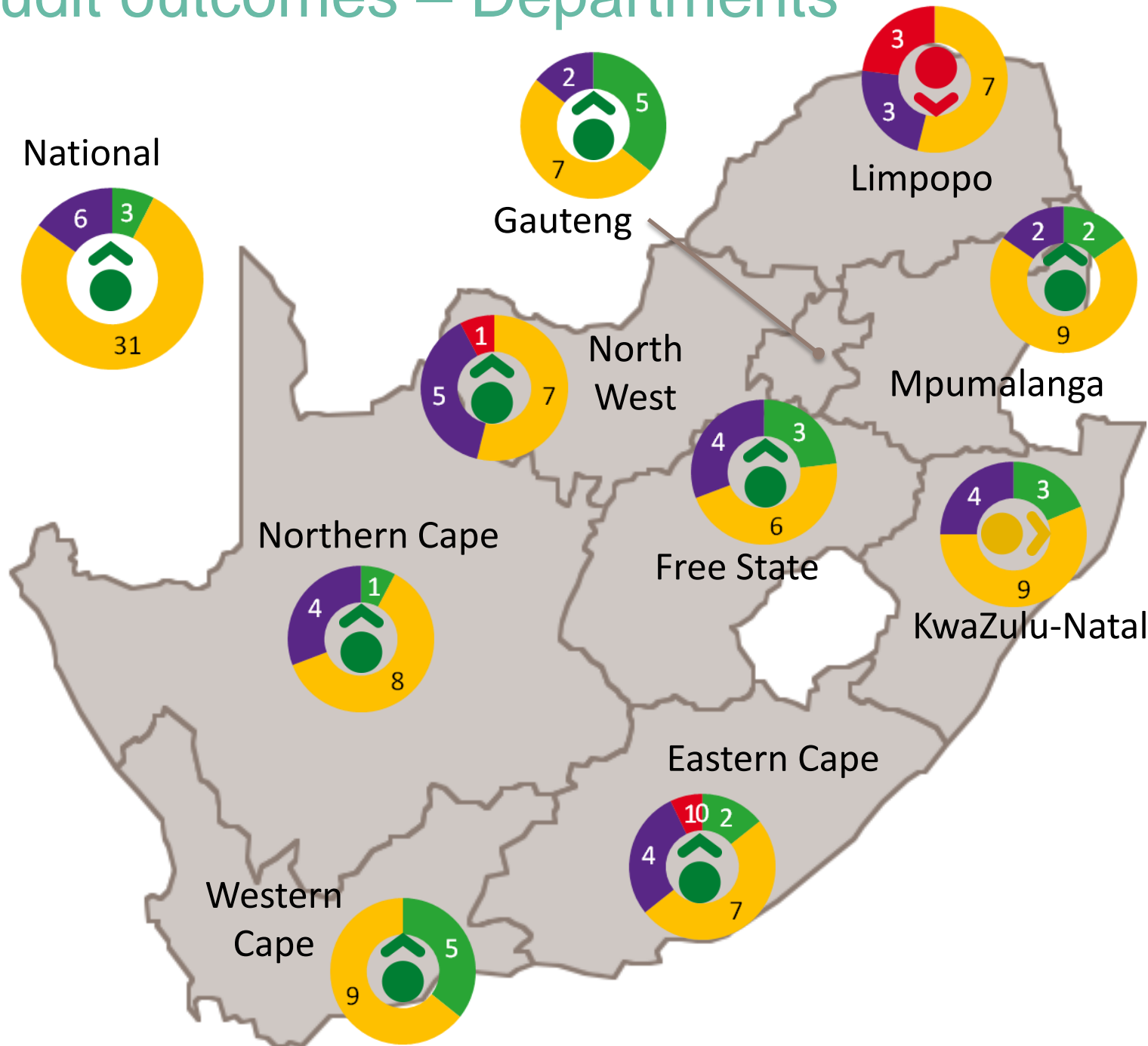


2012-13
PFMA



AUDITOR-GENERAL
SOUTH AFRICA

Audit outcomes – Departments



2012-13
PFMA

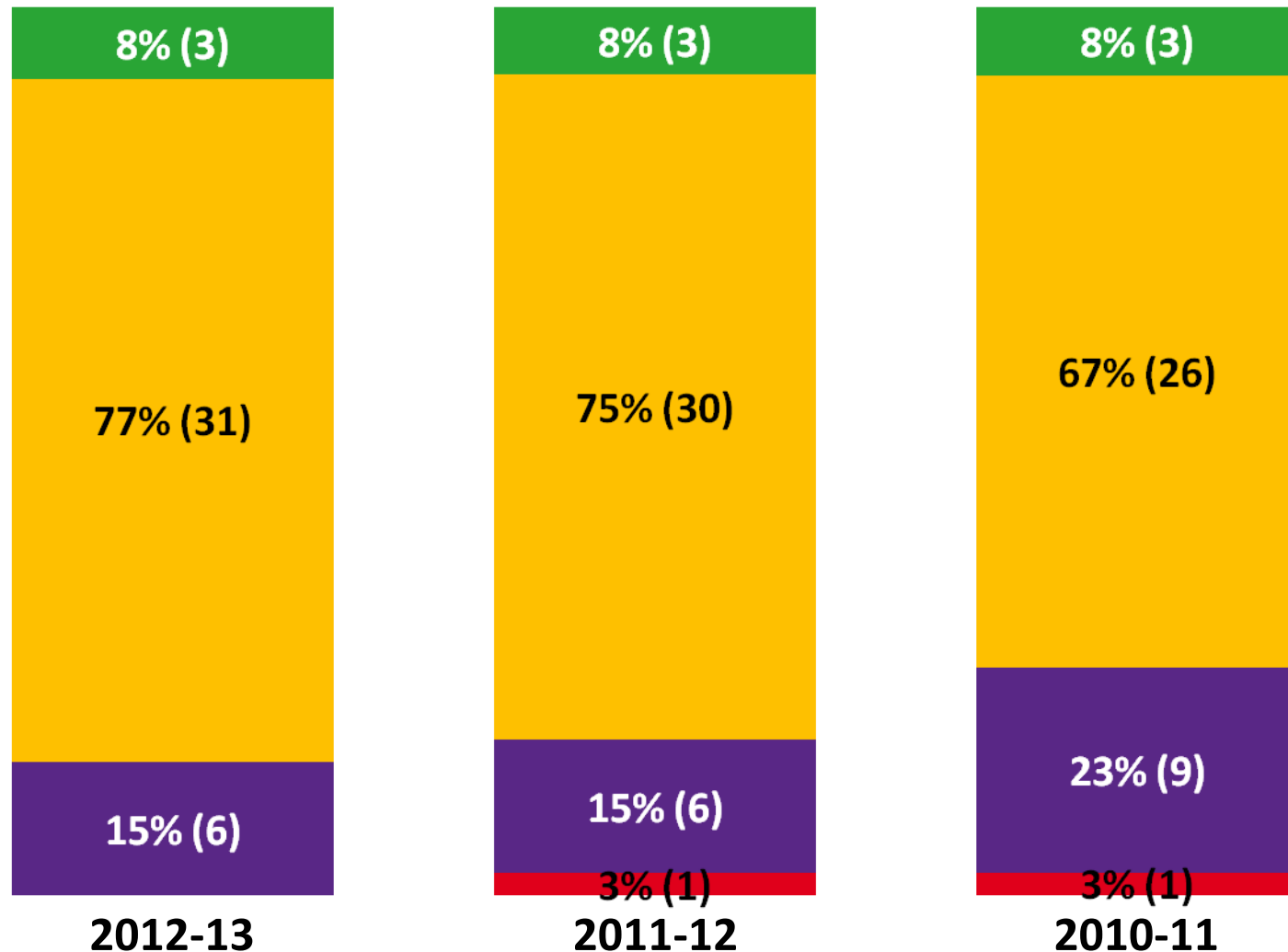
- Unqualified with no findings
- Unqualified with findings
- Qualified with findings
- Adverse or disclaimer with findings
- Audits outstanding
- ↑ Improved
- Stagnant or little progress
- ↓ Regressed



AUDITOR-GENERAL
SOUTH AFRICA

Audit outcomes of national departments over the past three years

• Net improvement over 2011-12



2012-13
PFMA

- Unqualified with no findings
- Unqualified with findings
- Qualified with findings
- Adverse or disclaimer with findings



AUDITOR-GENERAL
SOUTH AFRICA

Movements of the 40 national departments

2012-13
PFMA

		Unqualified with no findings	Unqualified with findings	Qualified with findings	Adverse or disclaimer with findings
6	Improved	2	3	1	n/a
30	Unchanged	1	26	3	
4	Regressed	n/a	2	2	
40	Total auditees reported on	3	31	6	0

-  Unqualified with no findings
-  Unqualified with findings
-  Qualified with findings
-  Adverse or disclaimer with findings



AUDITOR-GENERAL
SOUTH AFRICA

Status of compliance with legislation

- There are material findings at **93%** of the national departments
- No improvement over 2011-12



2012-13
PFMA

With no findings

With findings



AUDITOR-GENERAL
SOUTH AFRICA

Findings on non-compliance with legislation at national departments

These areas must receive attention

2012-13
PFMA

Quality of the financial statements submitted for auditing

29
(73%)

Appointments and performance management and compensation

23
(58%)

Management of procurement and contracts

17
(43%)

Approval and control of expenditure and payment within 30 days

17
(43%)

Prevention and follow-up of unauthorised, irregular and/or fruitless and wasteful expenditure

13
(33%)

Management of strategic planning and performance

12
(30%)

Management of assets and investments

6
(15%)



AUDITOR-GENERAL
SOUTH AFRICA

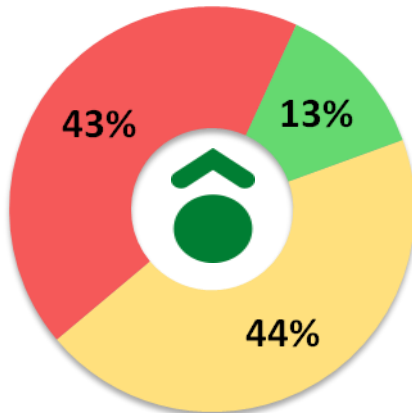
Risk areas to receive attention at national departments

2012-13
PFMA

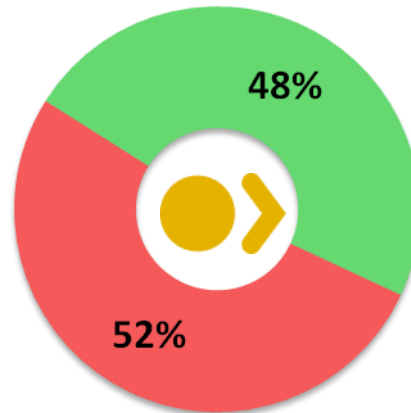


AUDITOR-GENERAL
SOUTH AFRICA

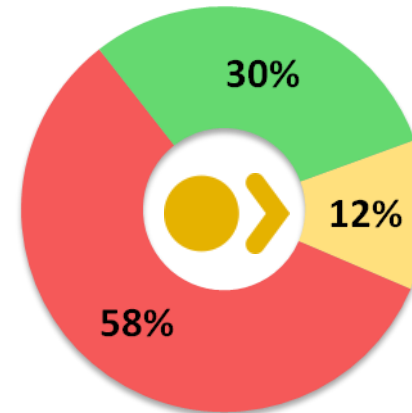
Supply chain
management



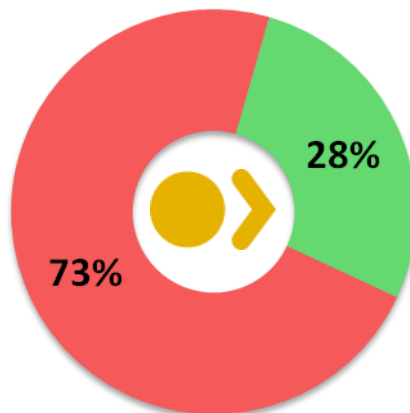
Quality of performance
reports



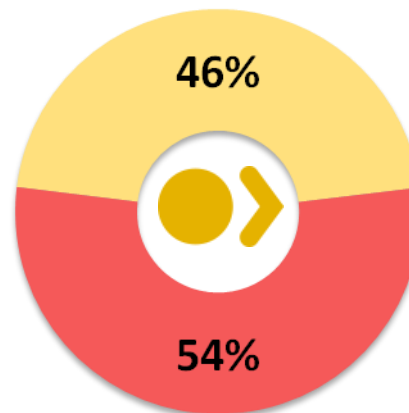
Human resource
management



Quality of submitted
financial statements



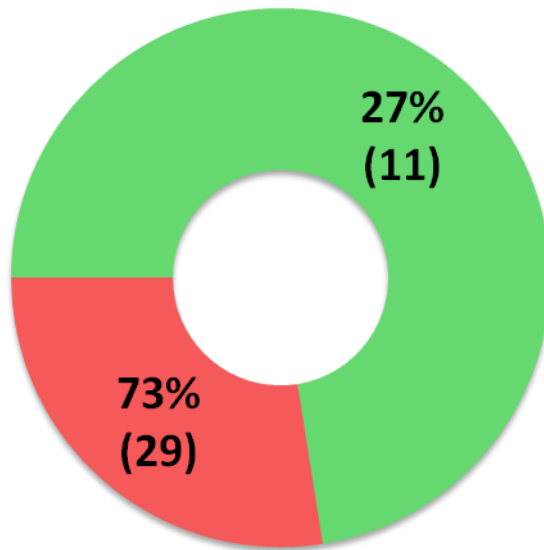
Information technology
controls



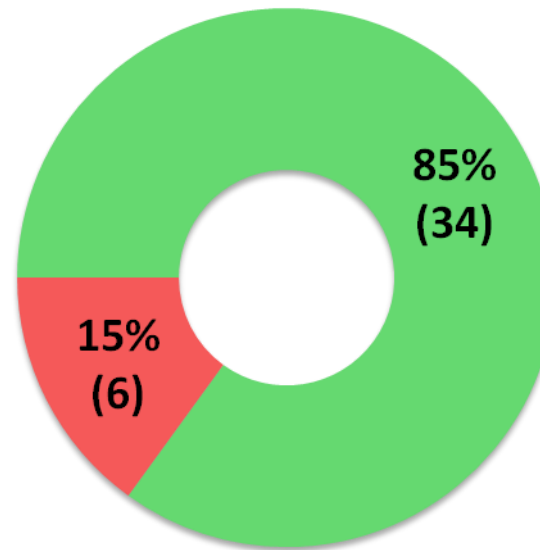
Quality of submitted financial statements

58% of the ***national departments*** were able to avoid qualifications due to the correction of material statements during the audit process



**Outcome if
NOT corrected**



**Outcome after
corrections**



**2012-13
PFMA**

 Financially unqualified
 Financially qualified



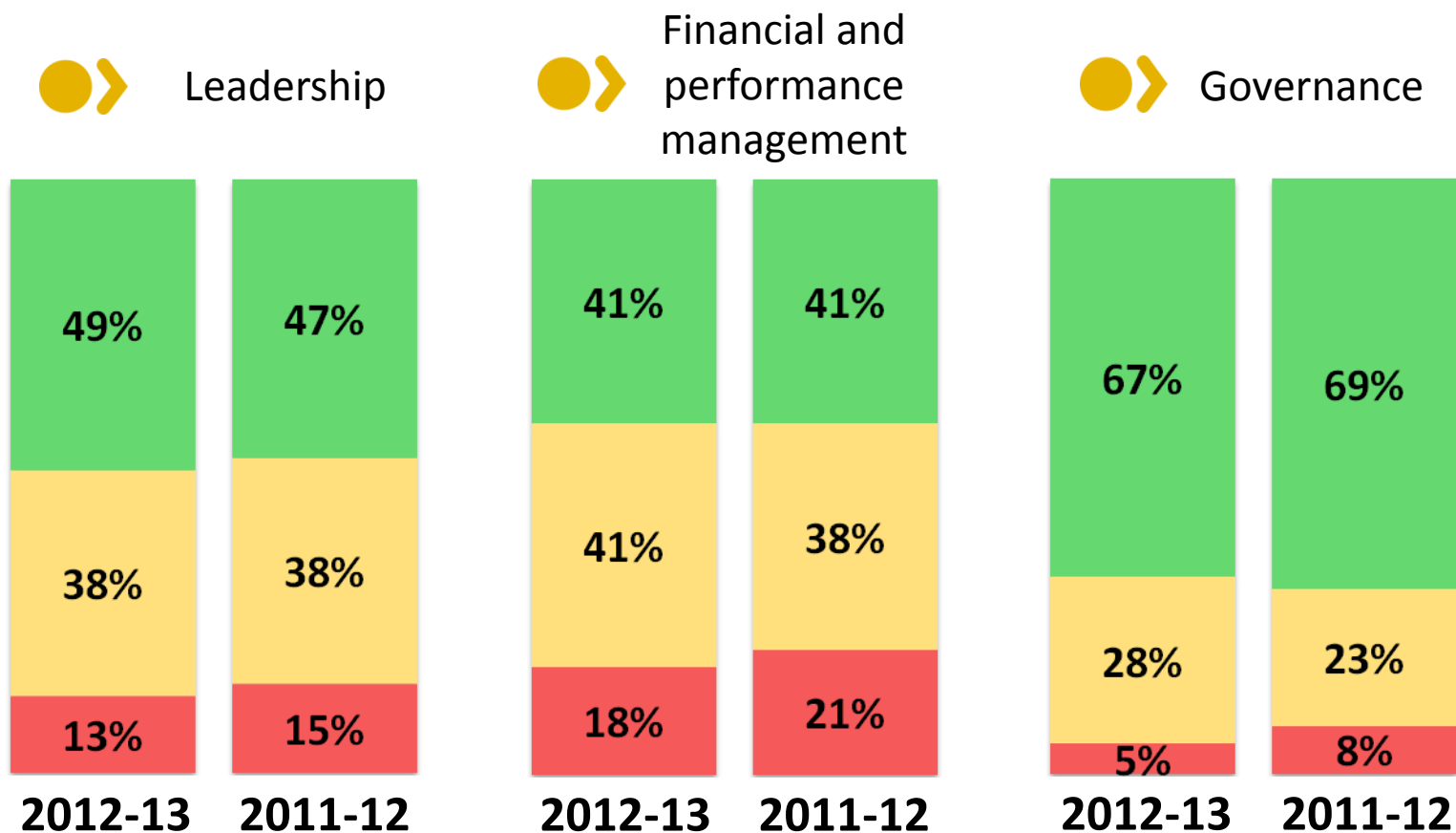
AUDITOR-GENERAL
SOUTH AFRICA

Drivers of audit outcomes: National departments



Improving the drivers of key controls will improve audit outcomes ...

- Slow progress



2012-13
PFMA

Good

Concerning

Intervention required

Improved

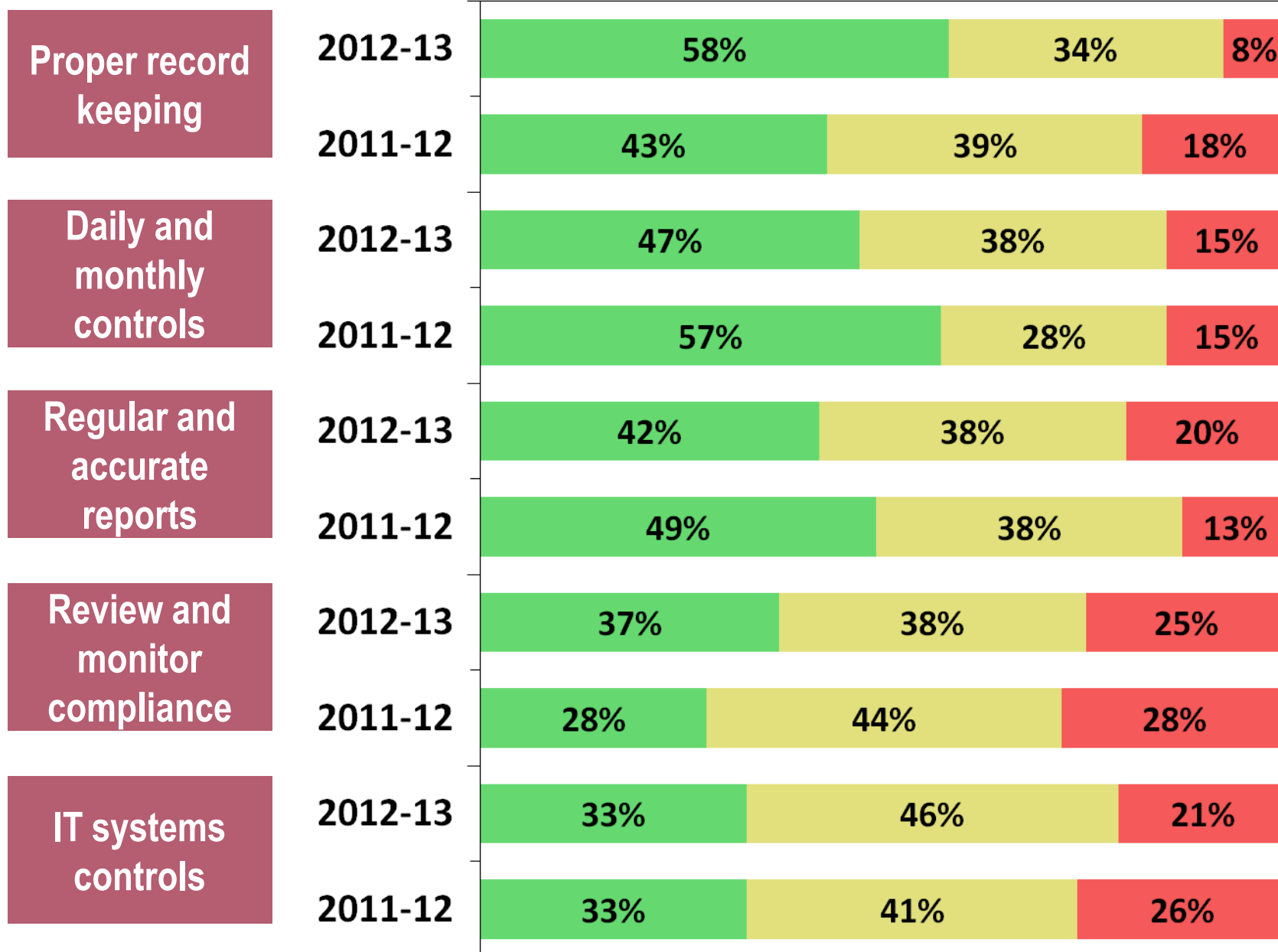
Stagnant or
little progress

Regressed

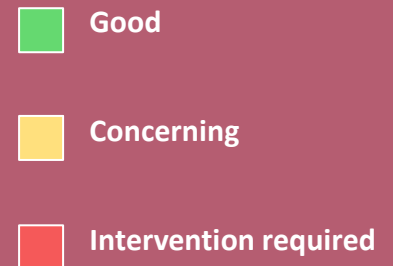


AUDITOR-GENERAL
SOUTH AFRICA

Attention should be given to financial and performance management controls



2012-13
PFMA



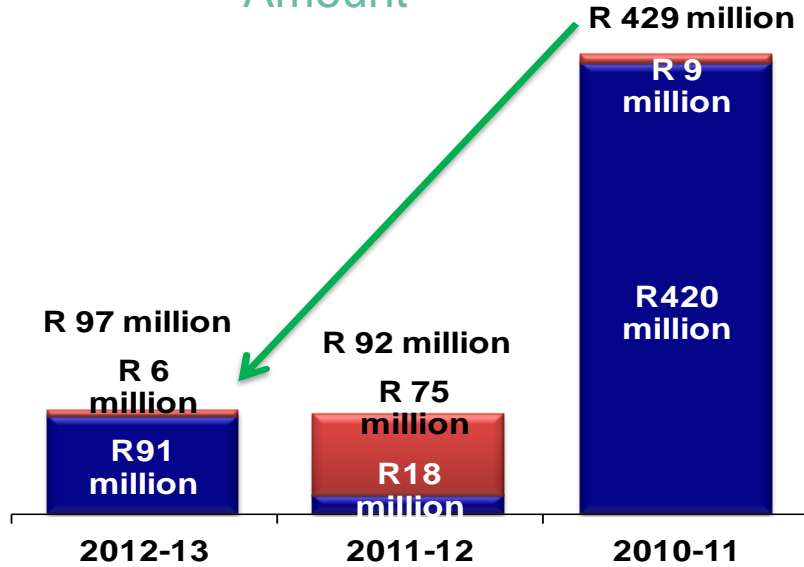
AUDITOR-GENERAL
SOUTH AFRICA

Unauthorised, irregular as well as fruitless and wasteful expenditure

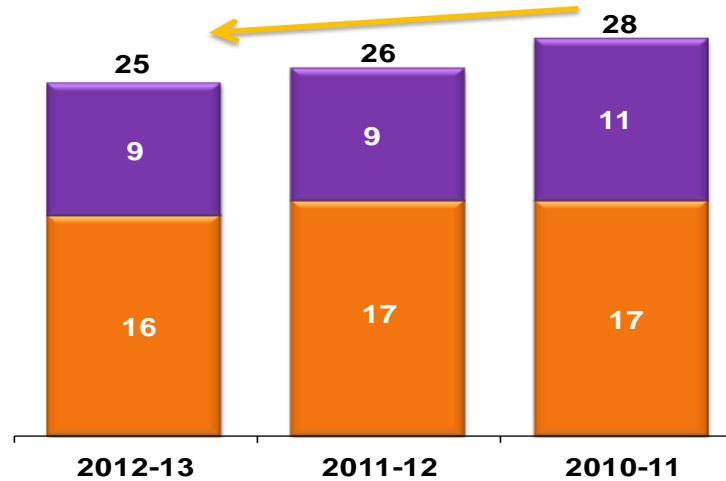


Fruitless and wasteful expenditure – National departments

Amount



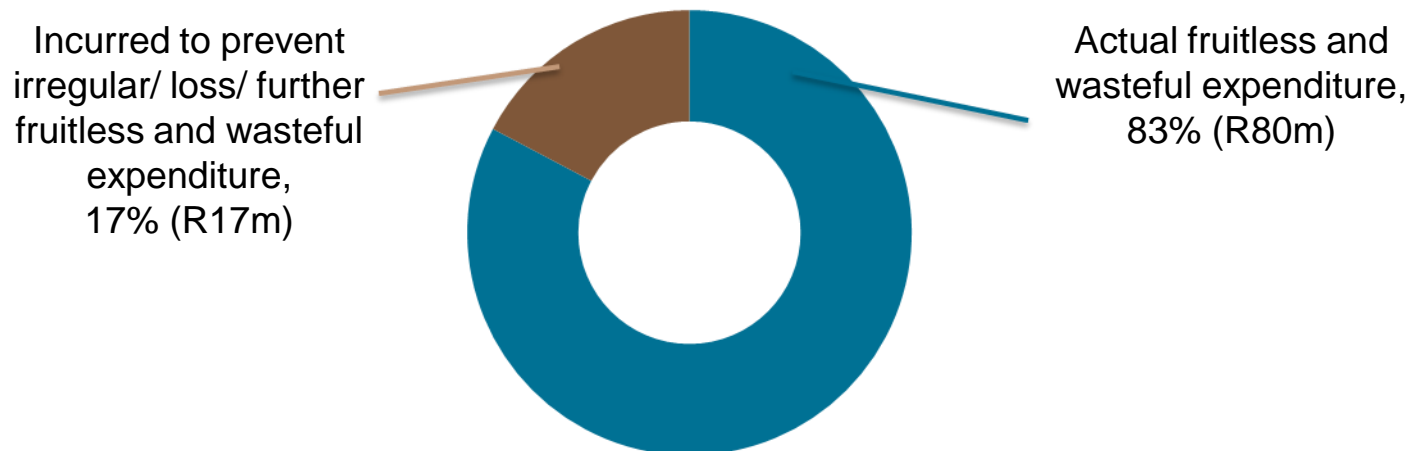
Number of auditees



2012-13
PFMA

- Identified by auditees
- Identified during audit
- All identified by auditees
- All or part identified during audit

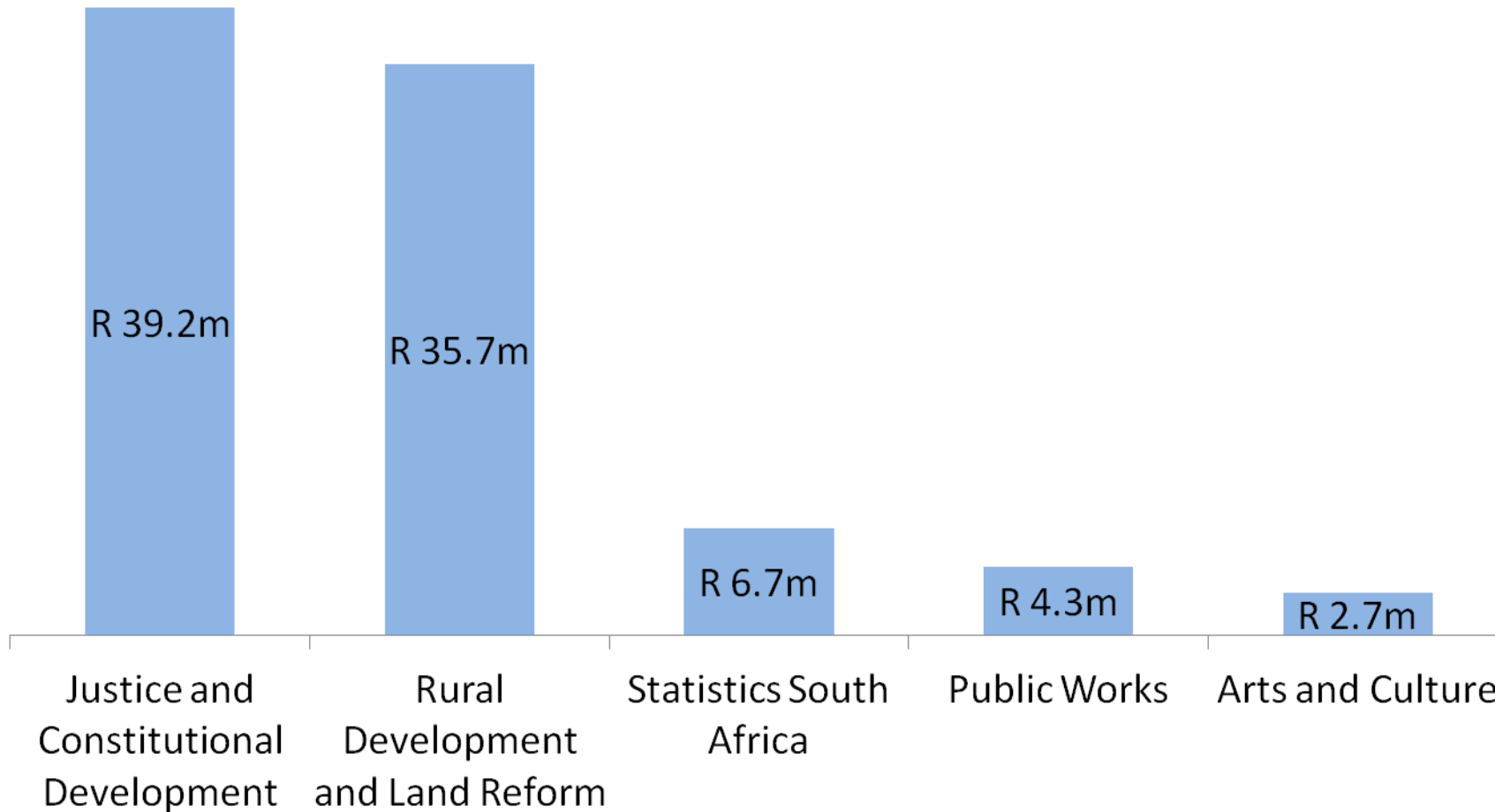
Nature of 2012-13 expenditure



AUDITOR - GENERAL
SOUTH AFRICA

Fruitless and wasteful expenditure – 5 highest national departments (91% of total incurred)

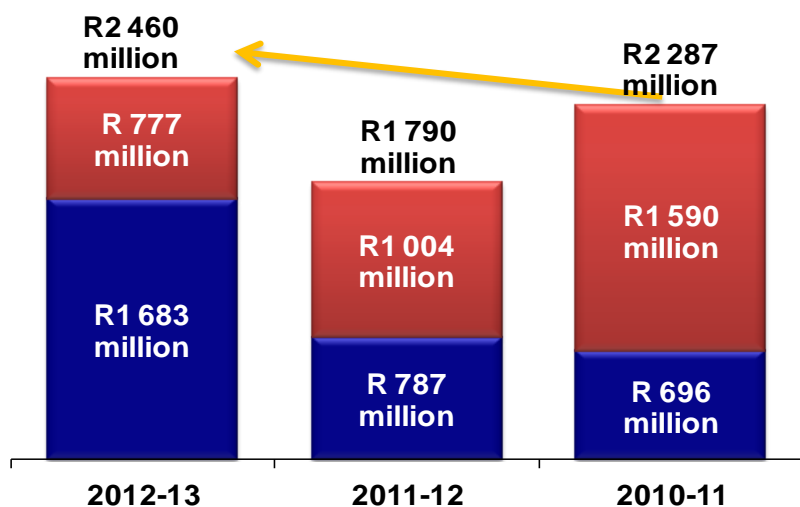
2012-13
PFMA



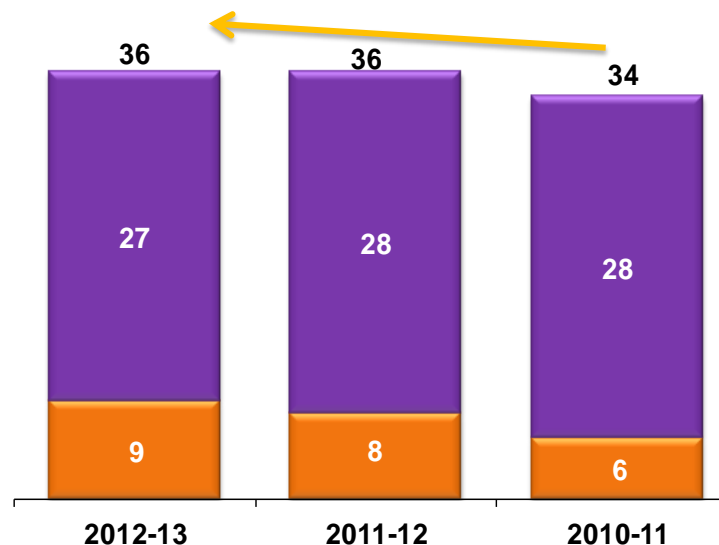
AUDITOR-GENERAL
SOUTH AFRICA

Irregular expenditure – National departments

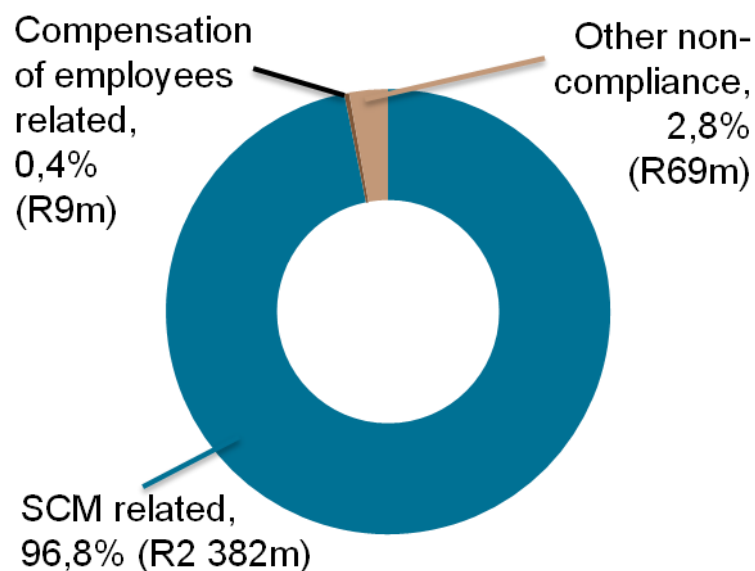
Amount



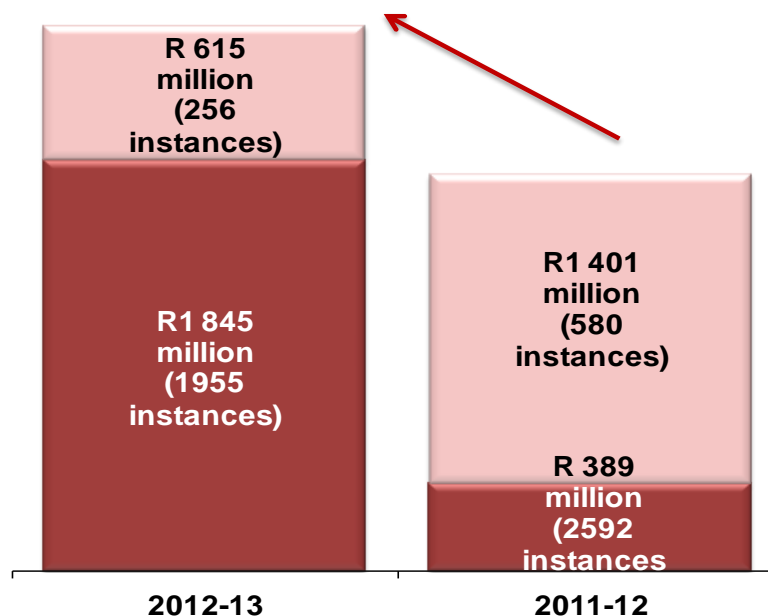
Number of auditees



Nature



Prior year incurred vs current year



2012-13
PFMA

- Identified by auditees
- Identified during audit
- All identified by auditees
- All or part identified during audit

- Identified in current year
- Incurred in prior years - identified in current year



AUDITOR-GENERAL
SOUTH AFRICA

Top SCM findings – National departments

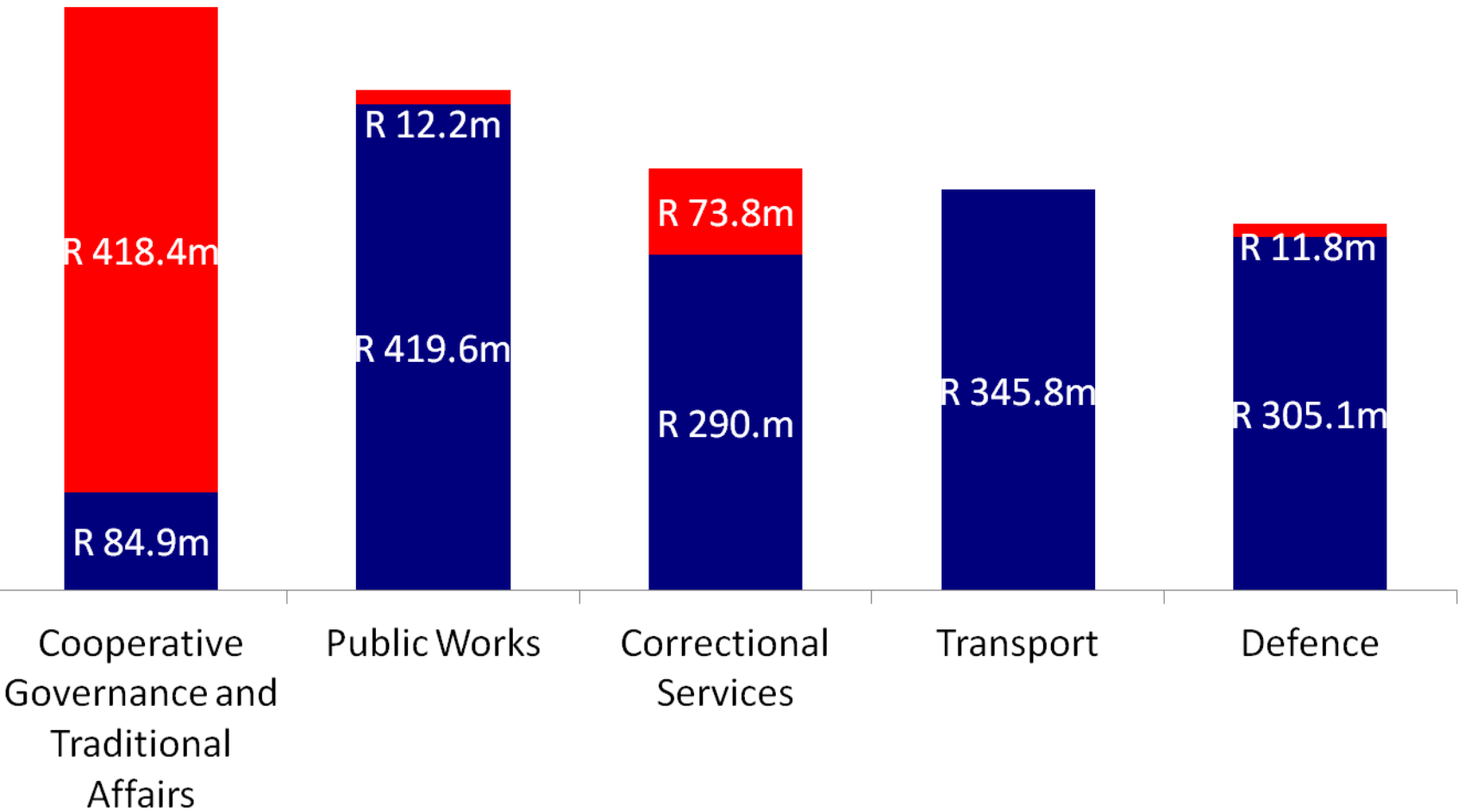
Finding	Number of departments
Three written quotations not invited - deviation not reasonable/ justified or approved	17 (43%)
Procurement from suppliers without SARS Tax clearance	13 (33%)
Competitive bids not invited - approved deviation not reasonable/ justifiable or approved	7 (18%)
Preference point system not applied	3 (8%)
Supplier scoring highest points/ with lowest quotation not selected - no justification	3 (8%)

2012-13
PFMA



AUDITOR - GENERAL
SOUTH AFRICA

Irregular expenditure – 5 highest national departments (80% of total expenditure for 2012-13)



2012-13
PFMA

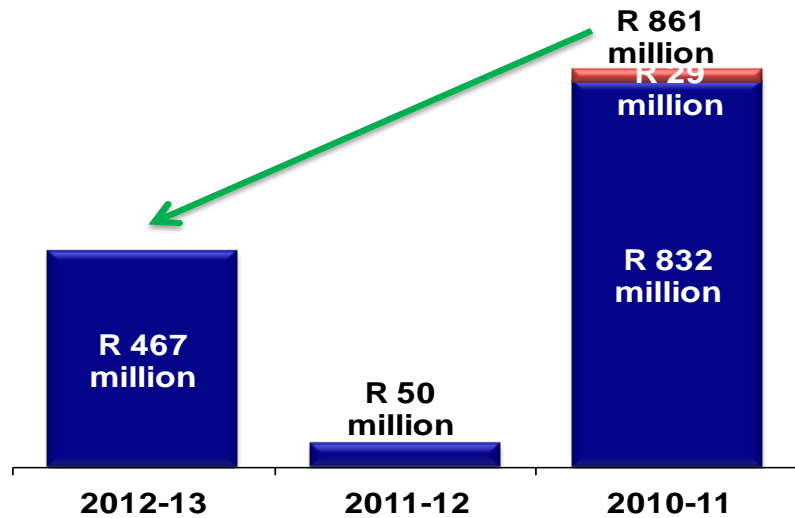
- Identified by auditees
- Identified during audit



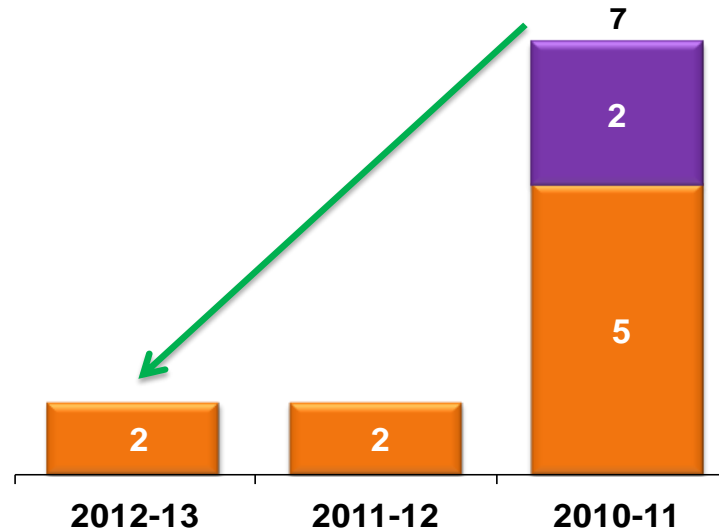
AUDITOR - GENERAL
SOUTH AFRICA

Unauthorised expenditure – National departments

Amount



Number of auditees



2012-13
PFMA

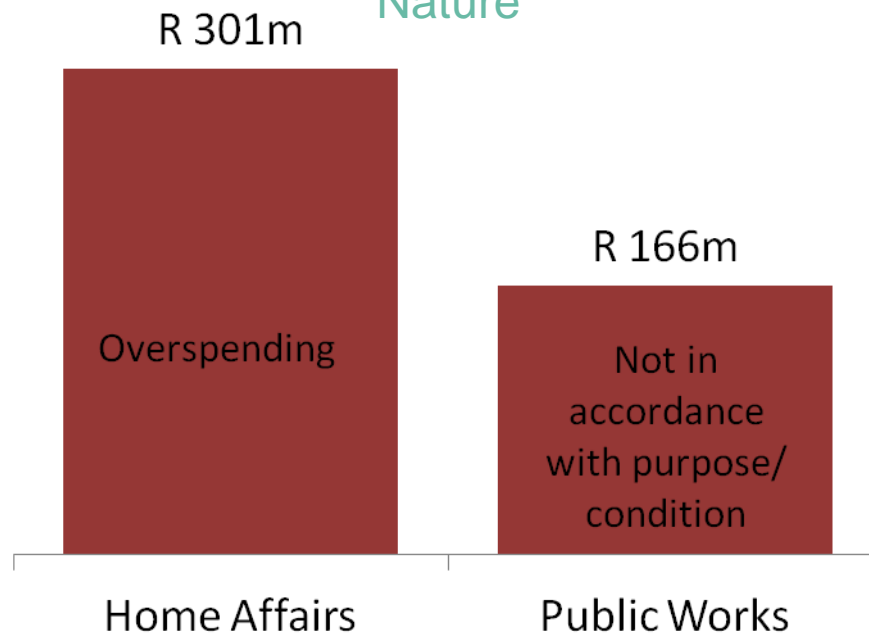
Identified by auditees

Identified during audit

All identified by auditees

All or part identified during audit

Nature



AUDITOR-GENERAL
SOUTH AFRICA

Budget and grant management



Municipalities that underspent conditional grant by more than 10%

2011-2012
MFMA

Province	% of province's municipalities
Limpopo	69%
Mpumalanga	57%
Northern Cape	55%
KwaZulu-Natal	54%
North West	52%
Eastern Cape	38%
Western Cape	33%
Free State	22%
Gauteng	8%



AUDITOR-GENERAL
SOUTH AFRICA