

PFMA audit outcomes 2010-11

Audit outcomes	Audits conducted by the AGSA			
	Departments*		Public entities**	
	2010-11	2009-10	2010-11	2009-10
Financially unqualified with no findings on predetermined objectives or compliance with laws and regulations	2	2***	5	7
Financially unqualified with findings on predetermined objectives and/or compliance with laws and regulations	4	6	7	6
Financially unqualified financial statements	46%	57%	86%	87%
Qualified opinion	7	4	2	2****
Adverse opinion	0	0	0	0
Disclaimer of opinion	0	2	0	0
Financially qualified financial statements	54%	43%	14%	13%
Total number of audits reported on	13	14	14	15
Number of audit reports not issued by 31 August 2011	1	0	2	2
Total number of audits	14	14	16	17
Total number of auditees in which findings arose from the AGSA's other legal reporting responsibilities:				
Predetermined objectives findings only	0	0	0	1
Compliance with laws and regulations findings only	1	2	8	4
Findings on both predetermined objectives and compliance with laws and regulations	10	10	1	2

*Including legislature and provincial revenue fund

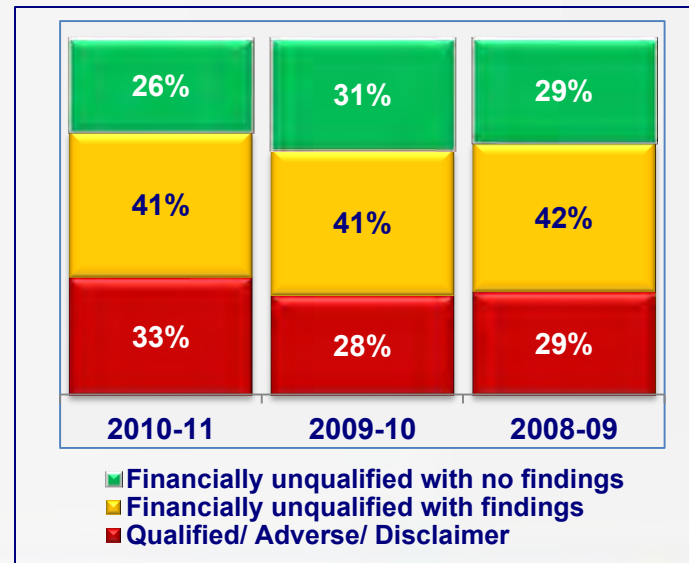
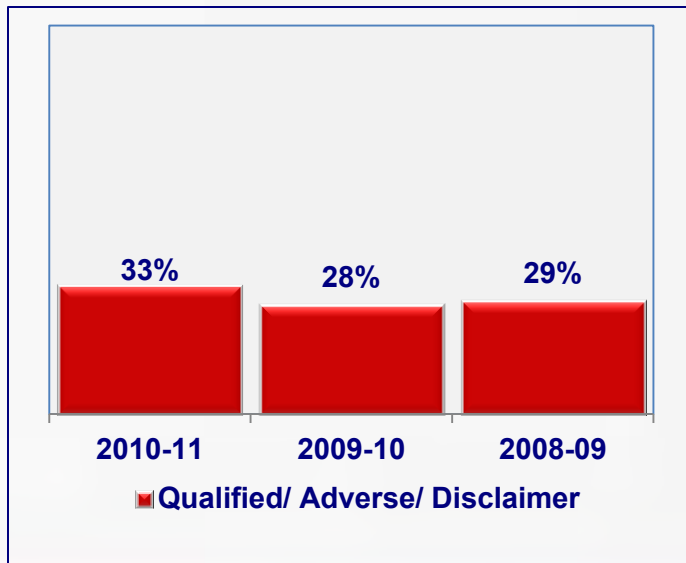
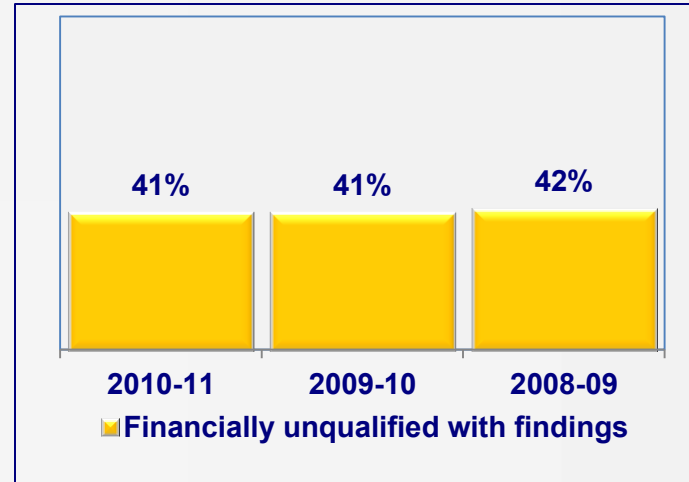
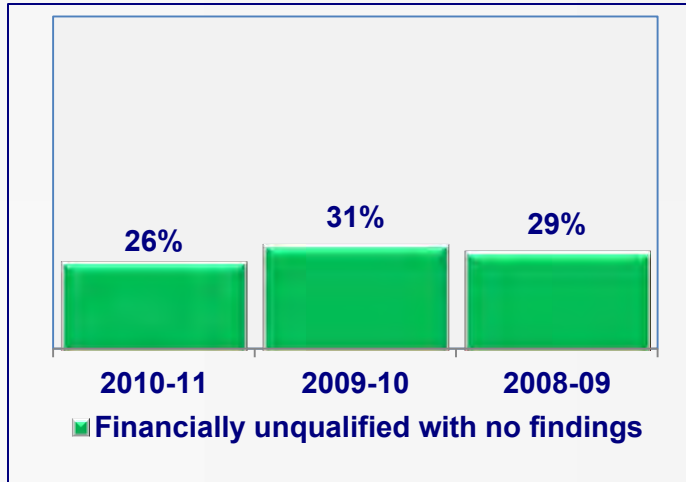
2 ***The results for 2009-10 have been restated to include the Provincial Revenue Fund (financially unqualified opinion with no matters) . 2010-11 audit report is outstanding

**Including trading and other types of entities

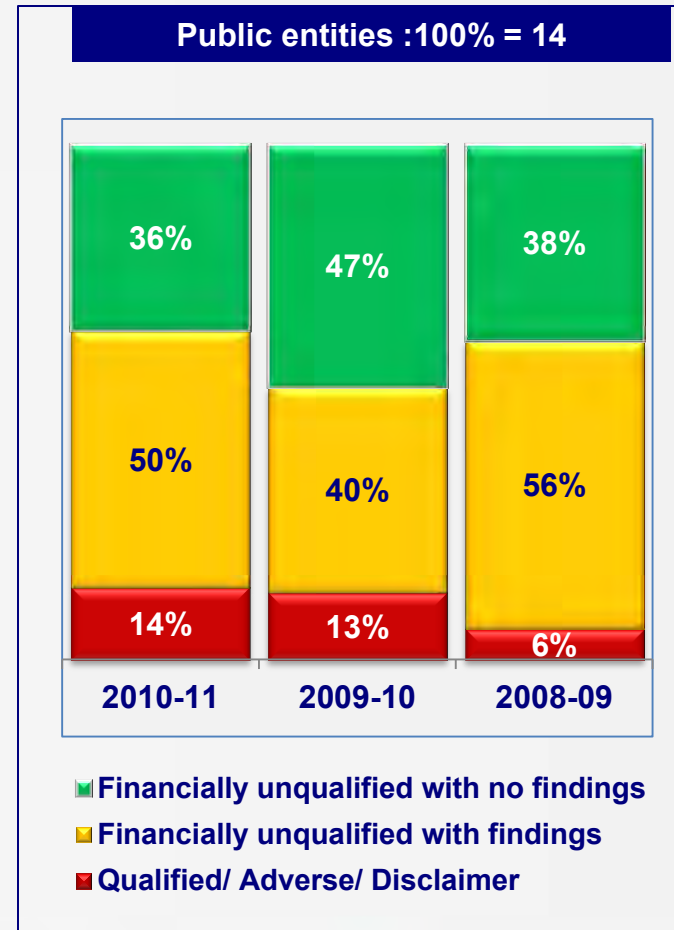
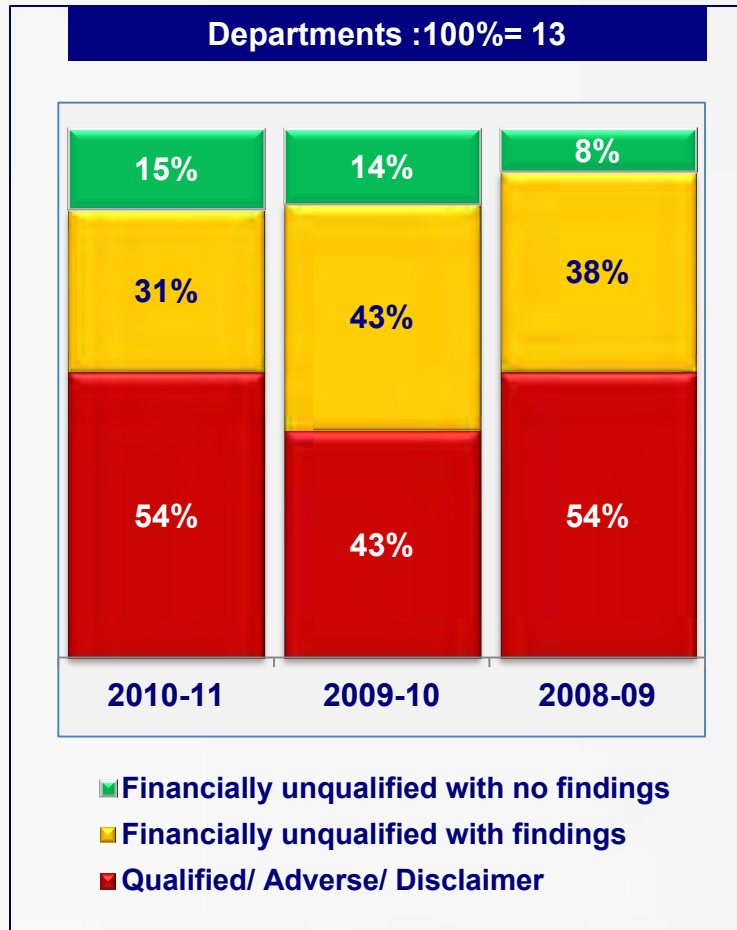
****The results for 2009-10 have been restated to include the Universities Academic Hospital Board (financially qualified opinion with no matters) . 2010-11 audit report is outstanding.

3 Year progress towards clean administration

Departments and Public entities

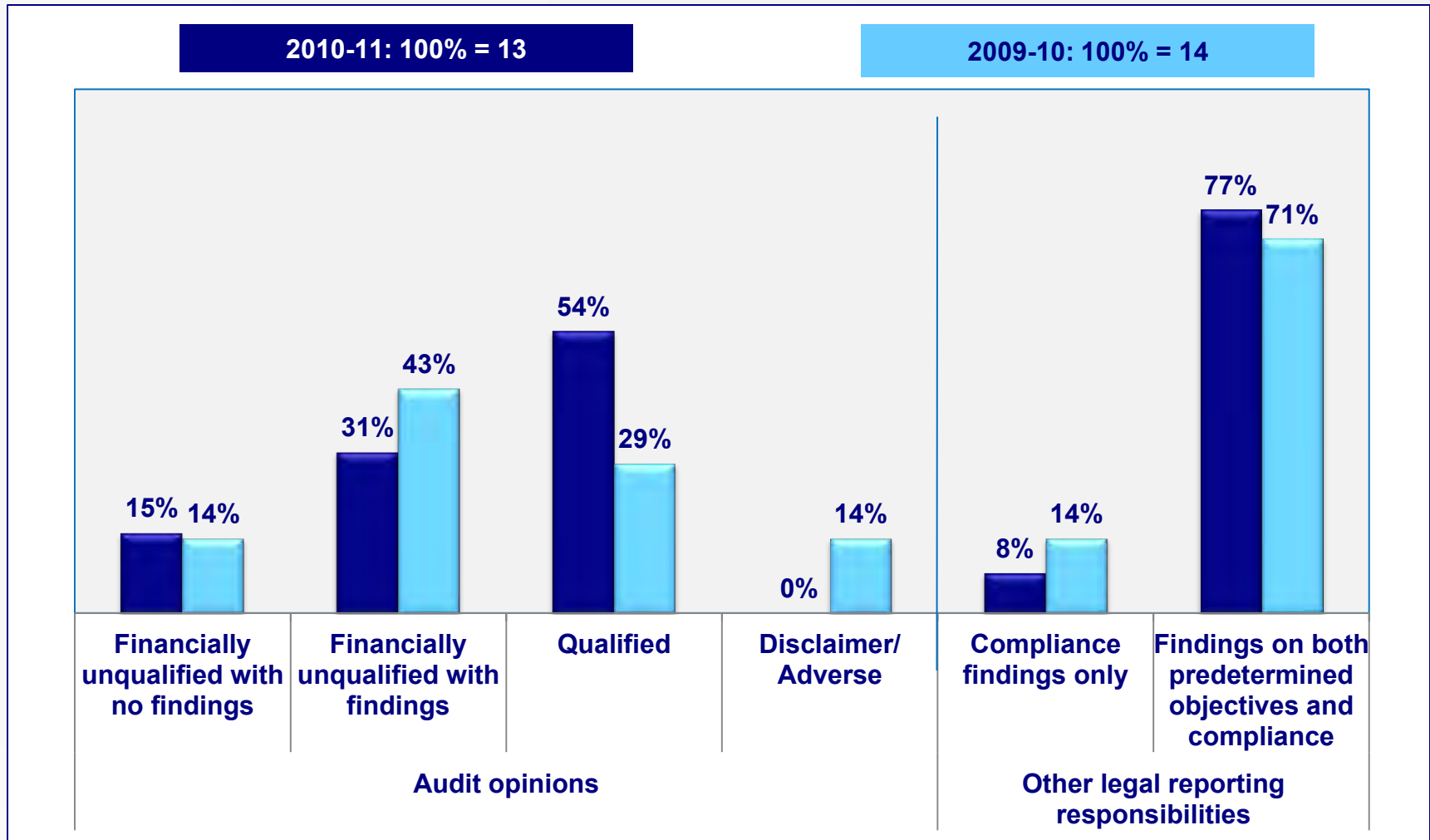


3 Year progress towards clean administration



Audit outcomes comparison to 2009-10

Departments







Movement in audit outcomes from 2009-10

Departments

Movement in audit outcome over 2009-10 - Departments						
Audit opinion	Improvement	Unchanged	Regressed	New departments	Total reported on	Prior year opinion on audits outstanding 2010-11
Financially unqualified with no findings	↑ 1	1			2	1
Financially unqualified with findings	↑ 1	3			4	
Qualified	↑ 2	3	↓ 2		7	
Disclaimer / Adverse						
Total	4	7	2	0	13	1

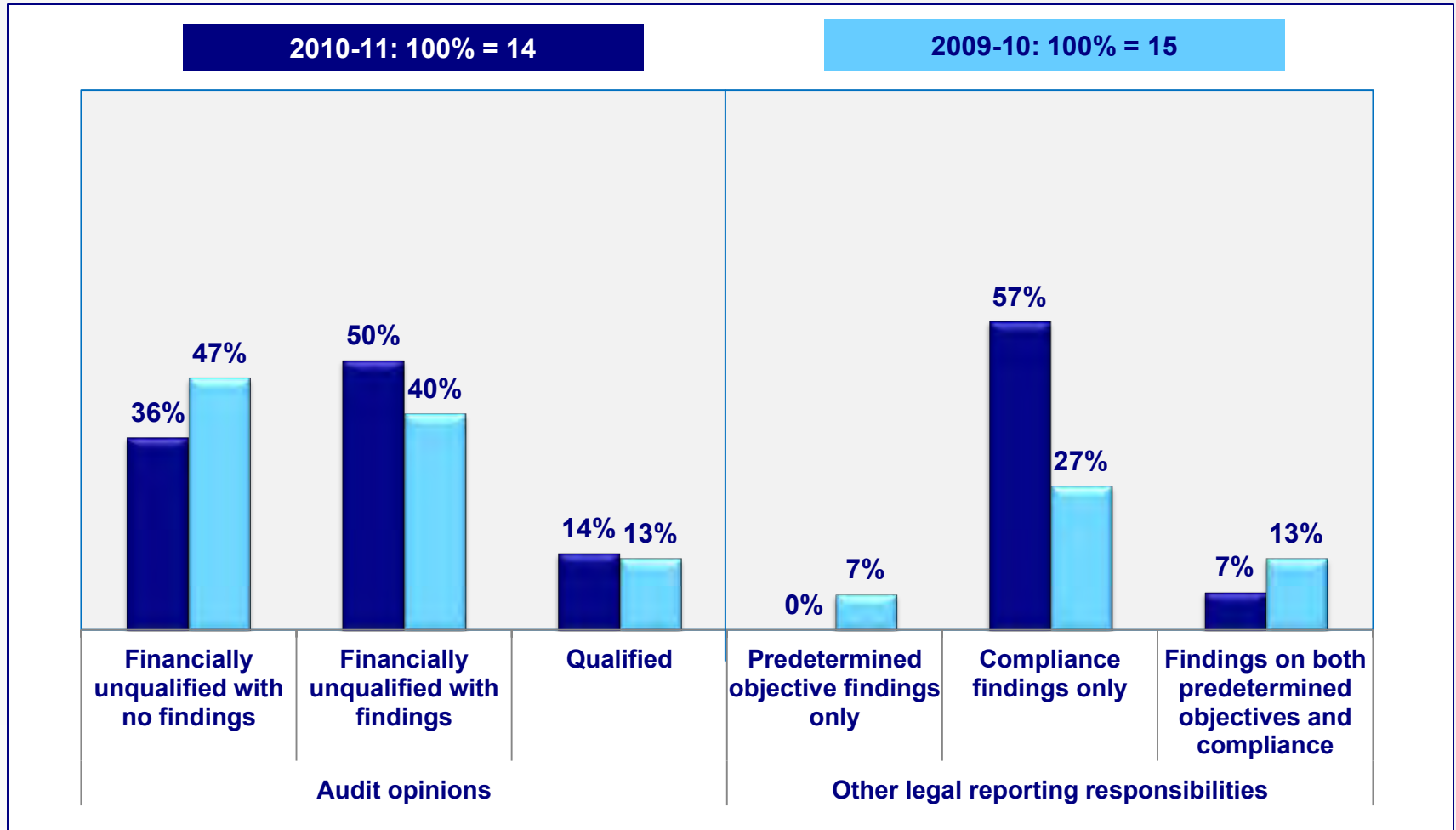
Movement in audit outcomes from 2009-10

Departments

Movement in audit outcome over 2009-10 - Departments						
Audit opinion	Improvement	Unchanged	Regressed	New departments	Total reported on	Prior year opinion on audits outstanding 2010-11
Financially unqualified with no findings	 Premier	Treasury			2	PRF
Financially unqualified with findings	 H/settlement	Legislature. Sports. Social Dev.			4	
Qualified	 Police Health	Education COGTA Public Works	 Agric. Econ Dev.		7	
Disclaimer / Adverse						
Total	4	7	2	0	13	1

Audit outcomes comparison with 2009-10

Public entities






Movement in audit outcomes from 2009-10

Public entities

Movement in audit outcome over 2009-10 - Public entities						
Audit opinion	Improvement	Unchanged	Regressed	New public entities	Total reported on	Disestablished entities 2009-10 opinions
Financially unqualified with no findings		5			5	
Financially unqualified with findings	↑ 1	4	↓ 2		7	1
Qualified			↓ 1	1	2	1
Disclaimer / Adverse					0	
Total	1	9	3	1	14	2

Movement in audit outcomes from 2009-10

Provincial Public entities

Movement in audit outcome over 2009-10 - Public entities						
Audit opinion	Improvement	Unchanged	Regressed	New public entities	Total reported on	Disestablished entities 2009-10 opinions
Financially unqualified with no findings		Patient Private F. Recreation TF. Nature conservation F. T. Robertson BF. J. Robertson BF.			5	
Financially unqualified with findings		Medpas FIPA Phakisa Liquor board			7	Y. Comm
Qualified				FSGLA	2	Universitas Academic Hosp Board
Disclaimer / Adverse					0	
Total	1	11	1	1	14	2

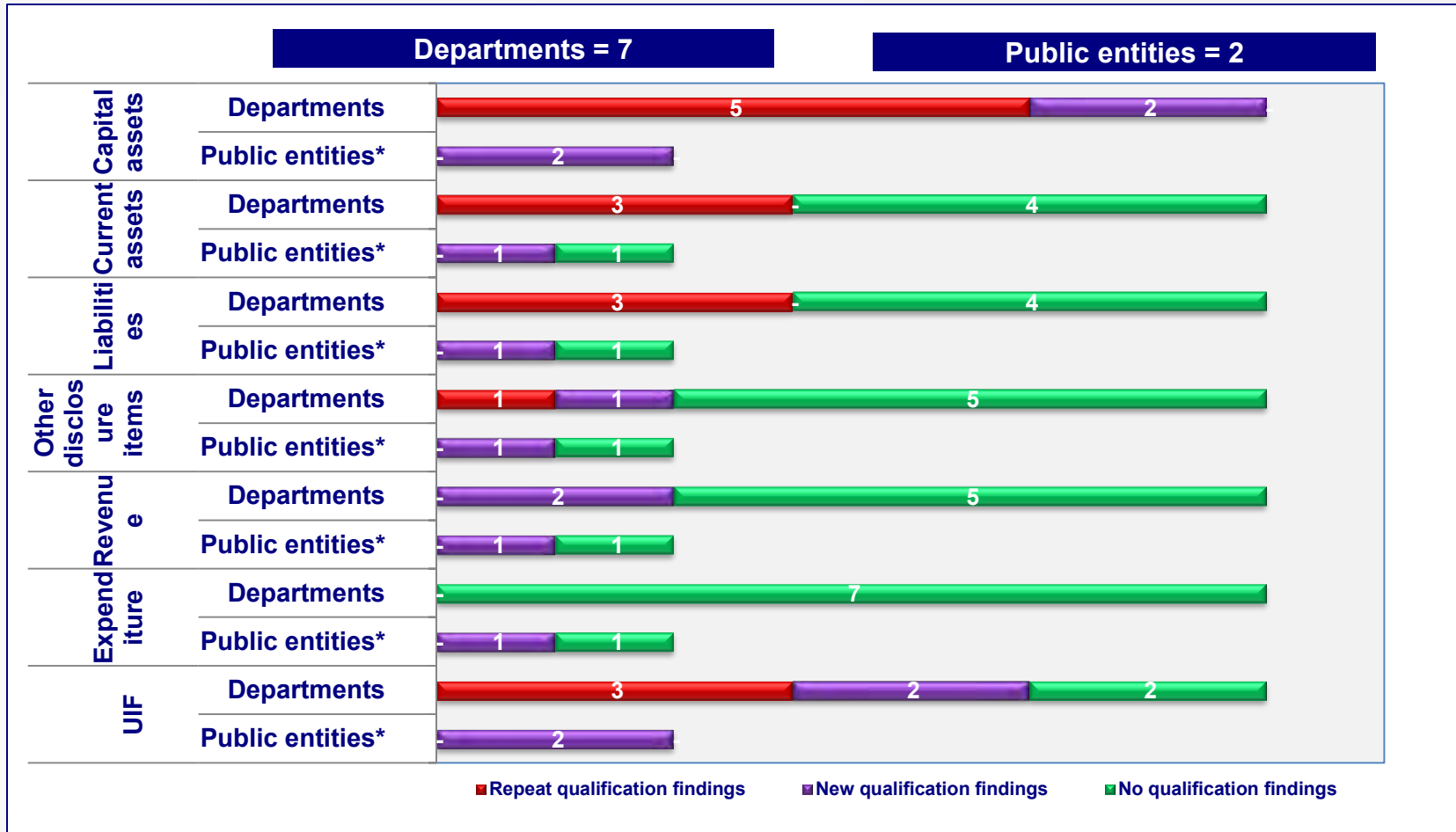
- FSTA – Free State Tourism Authority
- FSGRB – Free State Gambling and Racing Board
- FSGLA – Free State Gambling and Liquor Authority

- Y. Comm – Free State Youth Commission
- Academic Hosp. Board – Universitas Academic Hospital Board



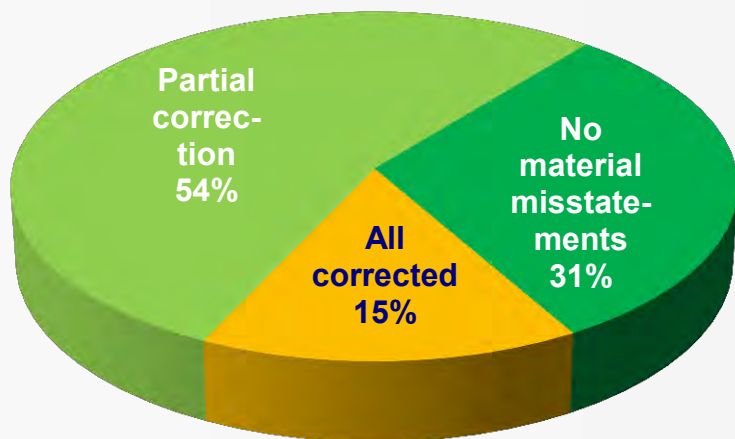
Qualified areas in financial statements

Departments and Public entities with financial qualified opinions

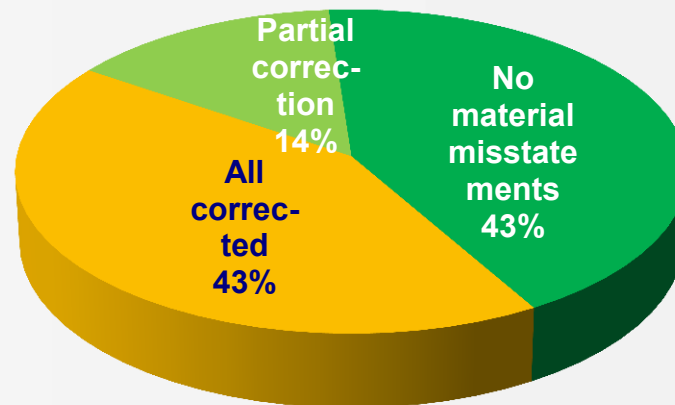


Corrections of material misstatements identified by auditors

Departments (13)


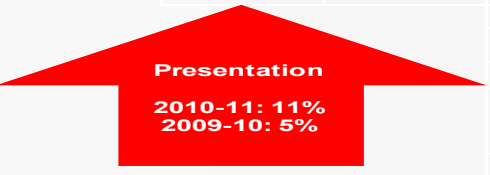




Public entities (14)



Predetermined objectives (PDO) findings

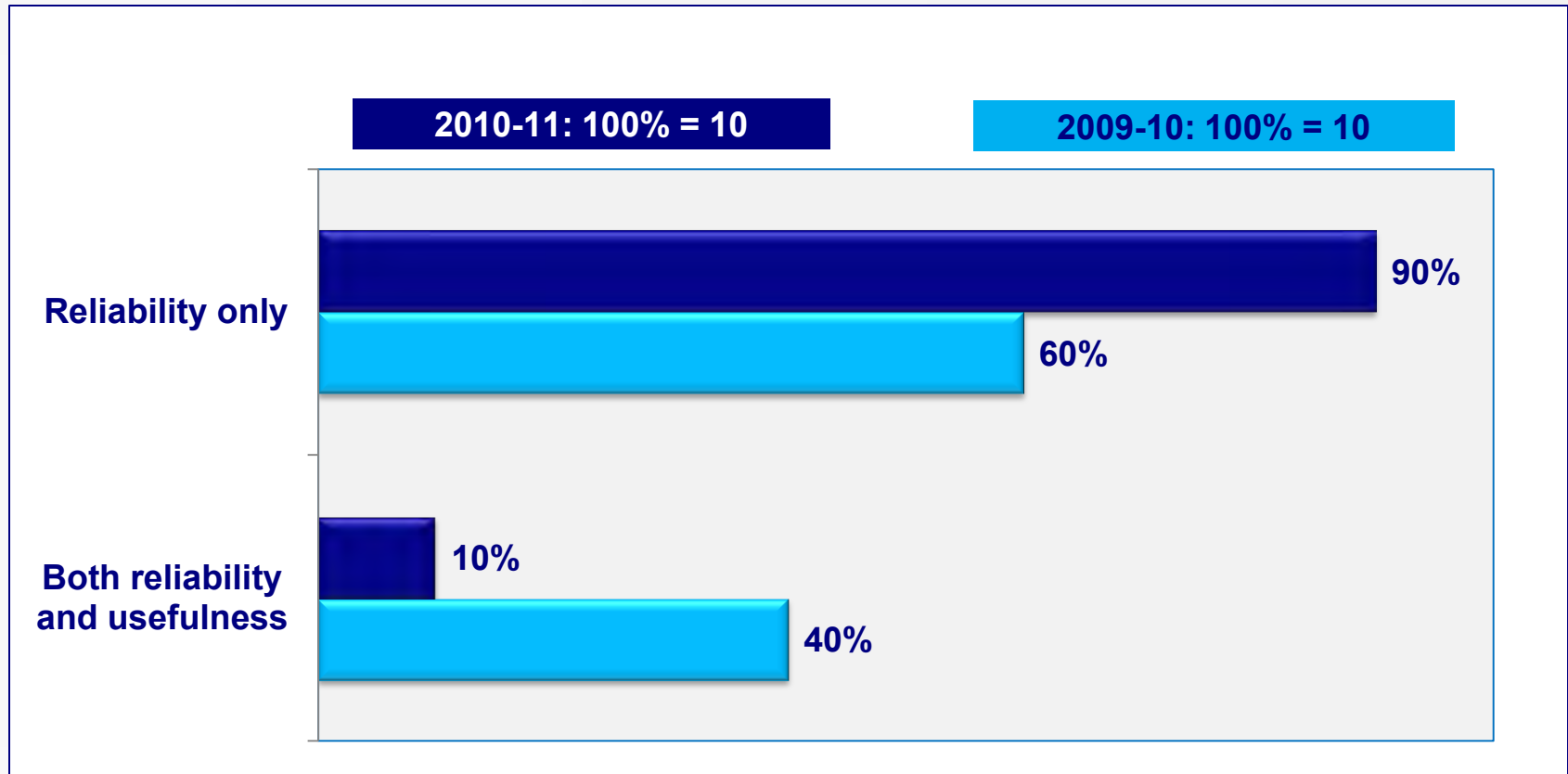
Departments and public entities

Overall	Detailed findings			
 <p>Non-compliance 2010-11: 67% 2009-10: 58%</p>	Audit type	Non-compliance with legislation on annual performance report		
		Annual performance report	Strategic planning and performance management	
	Departments	0%	77%	
Public entities	40%	40%		
 <p>Presentation 2010-11: 11% 2009-10: 5%</p>	Audit type	Presentation		
		Major variances not explained		
	Departments	15%		
Public entities	0%			
 <p>Not useful 2010-11: 11% 2009-10: 21%</p>	Audit type	Reported information not useful		
		Consistency	Relevance	Measurability
	Departments	0%	0%	8%
	Public entities	20%	0%	20%
 <p>Not reliable 2010-11: 61% 2009-10: 53%</p>	Audit type	Reported information not reliable		
		Accuracy	Validity	Completeness
	Departments	77%	62%	46%
	Public entities	20%	20%	20%



Predetermined objectives – extent of findings on usefulness and reliability

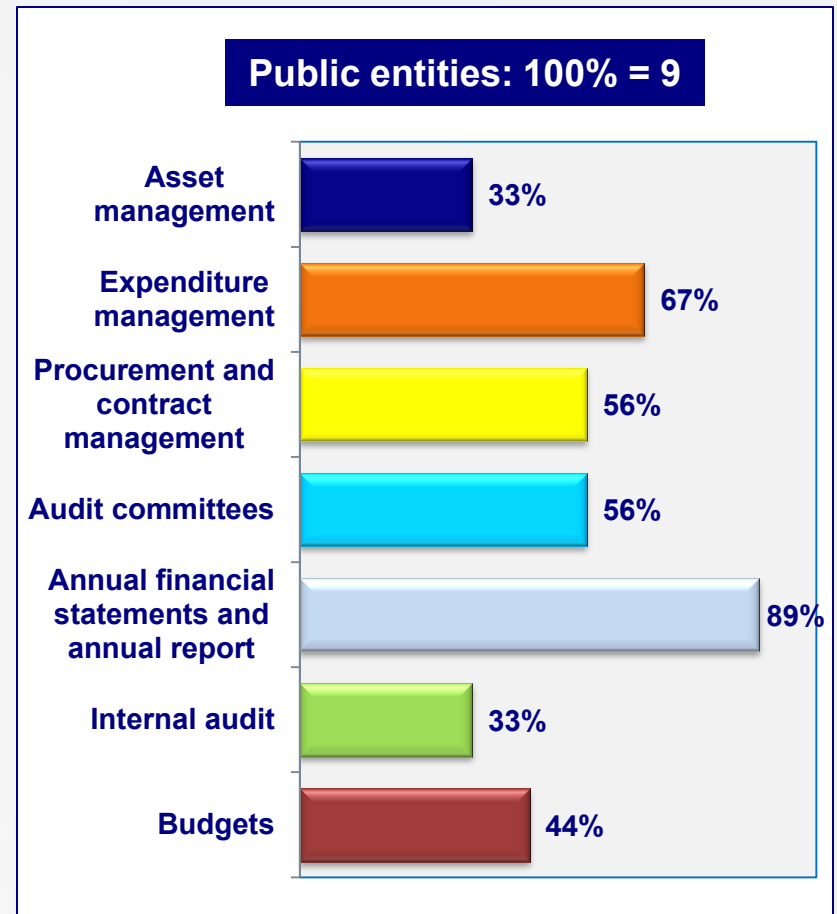
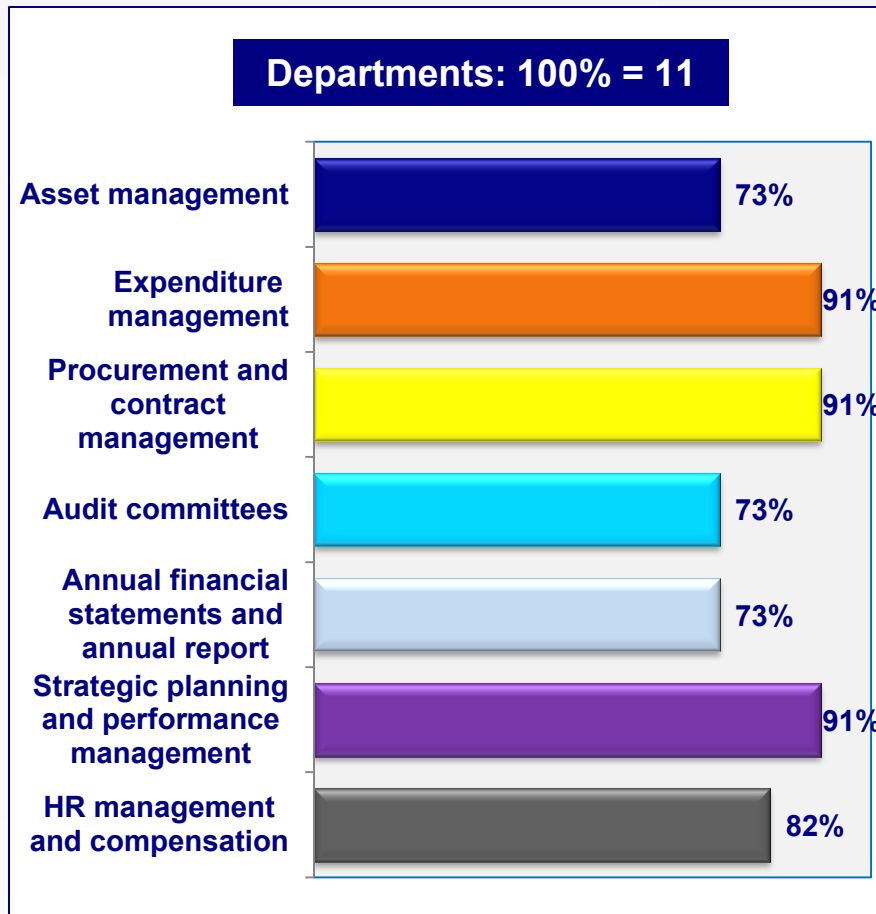
Departments with findings on PDO*



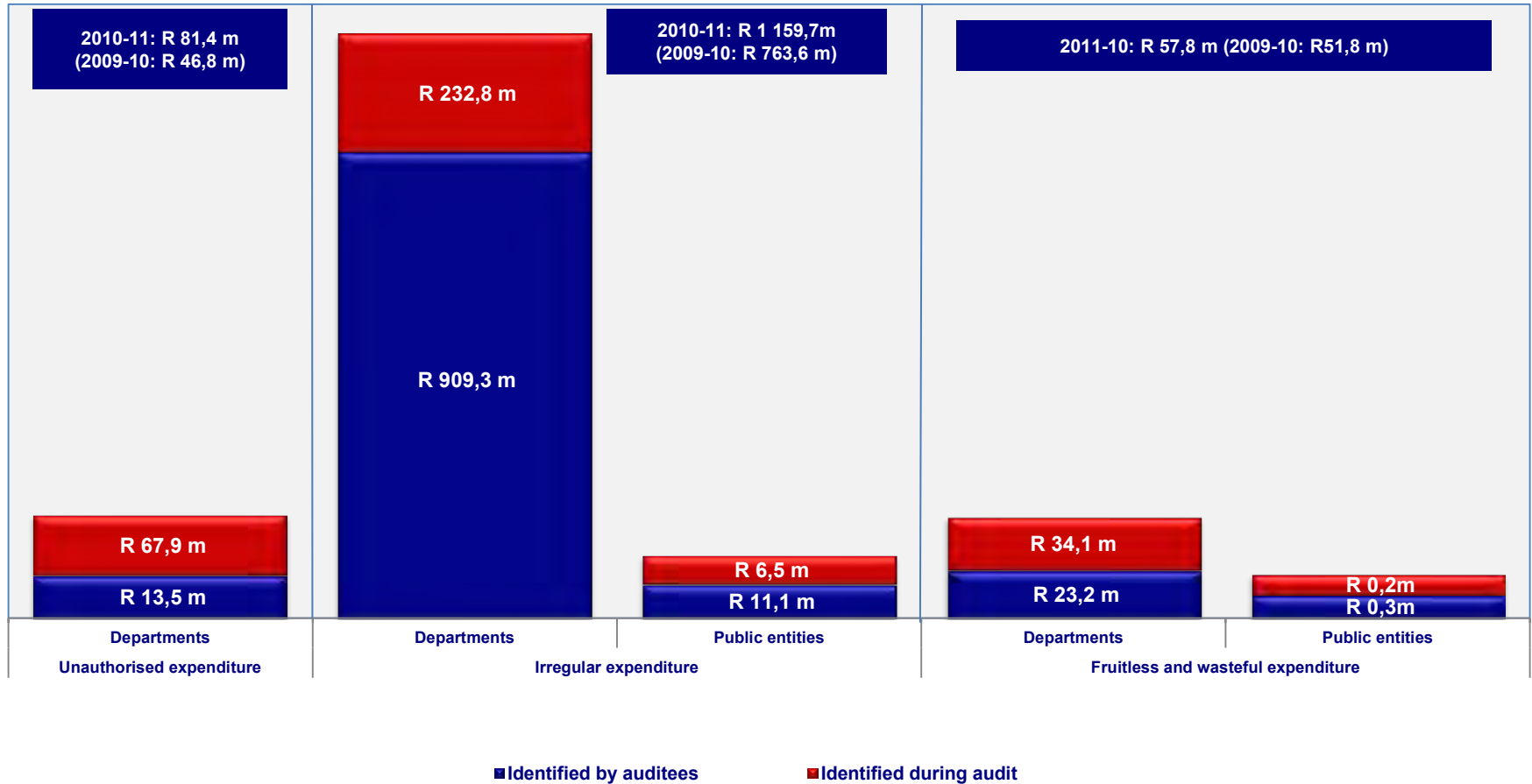
* Free State Gambling and Liquor Authority (new entity) is the only public entity at Free State with findings on both usefulness and reliability.

Areas of findings on non-compliance with laws and regulations

Departments and public entities with findings on compliance



Unauthorised, irregular, and fruitless and wasteful expenditure



Four focal points (based on prior audit, risk assessment)

Procurement/SCM



Leadership did not prevent, detect and monitor non compliance with laws and regulations, specifically SCM, these resulted to an increase in irregular expenditure due to the following:

- Tender process were not followed.
- Non adherence to the delegation of authority.
- Required quotations not obtained.

HR Management



Leadership did not appoint competent staff or enhance necessary skills and competencies required by auditees. This resulted in:

- Poor quality of AFS submitted for audit
- Increase in irregular expenditure & non compliance audit findings.
- Staff performance agreement not aligned to the departmental strategy/performance hampering service delivery (AoPO).
- Prior qualification findings not addressed.

Predetermined Objective



Reporting

Leadership did not improve reporting on predetermined objectives since the auditees have the following challenges:

- The predetermined indicators are not well defined hence predetermined reports are not reliable.
- Auditees did not meet their predetermined targets hence affecting service delivery.

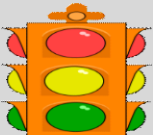
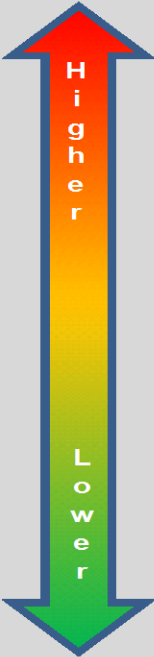
IT Management



Leadership did not implement and monitor IT Governance Framework and relevant IT controls , these may result to the following challenges:

- No IT strategic plans and departmental wide IT planning is not in place
- IT risks management not performed
- Non compliance with IT polices and procedures.

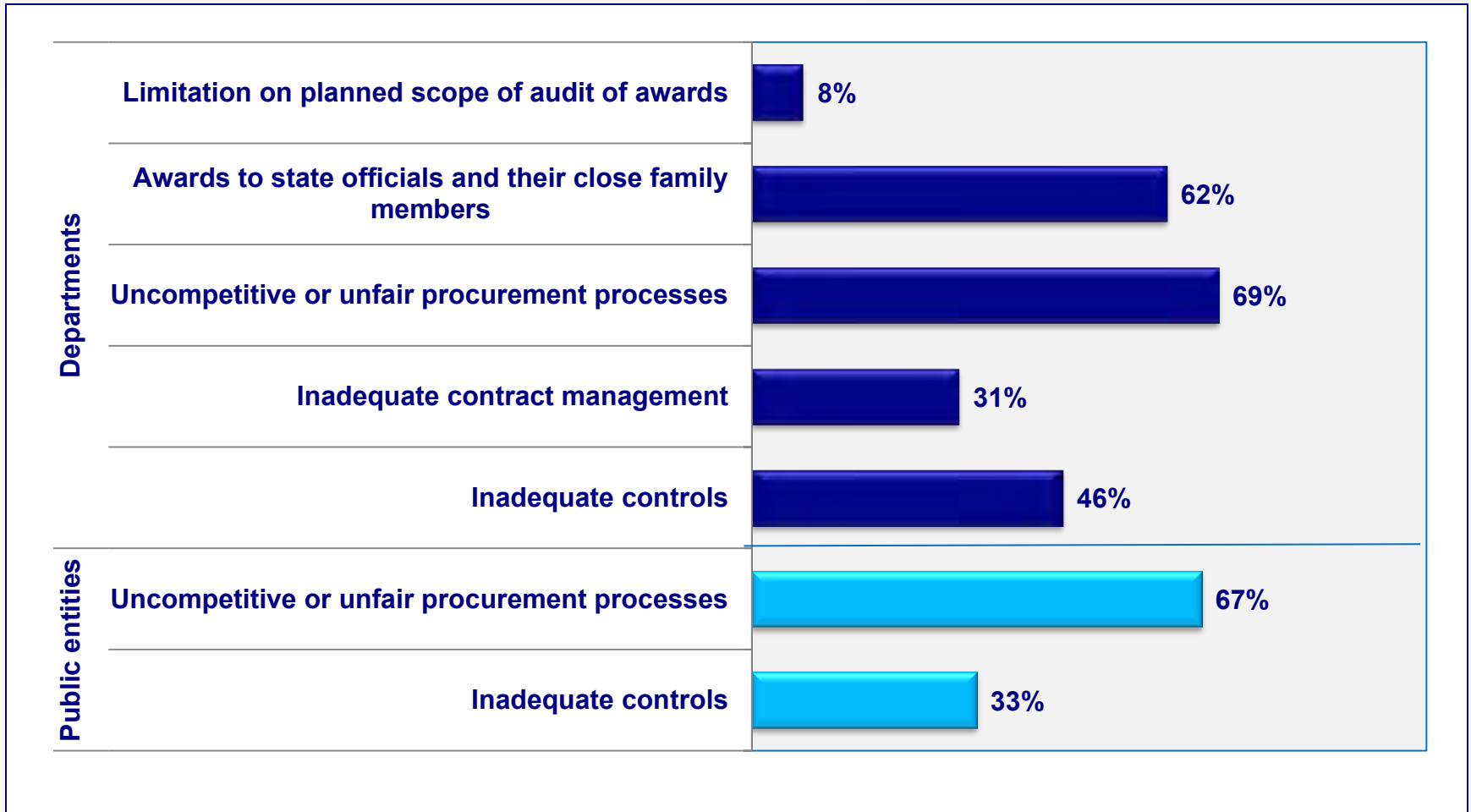
Progress in addressing high risk areas

	Concern rating scale	Number of auditees	Status of interventions proposed after 2009-10 audit cycle	Current year impact
	5	2	Not yet implemented (five departments; two public entities)	Deteriorated (two departments; two public entities)
	4	3		
	3	2		
	2	1	Partially implemented (four departments; six public entities)	Neutral (seven departments; six public entities)
	1	2		
	0			
	-1	4		
	-2	3	Substantially implemented (two departments; one public entities)	Improved (four departments; six public entities)
	-3	2		
	-4	1	Fully implemented (two departments; five public entities)	Improved (four departments; six public entities)
-5	7			
No concern from previous audit cycle = six auditees				



Summary of findings on supply chain management

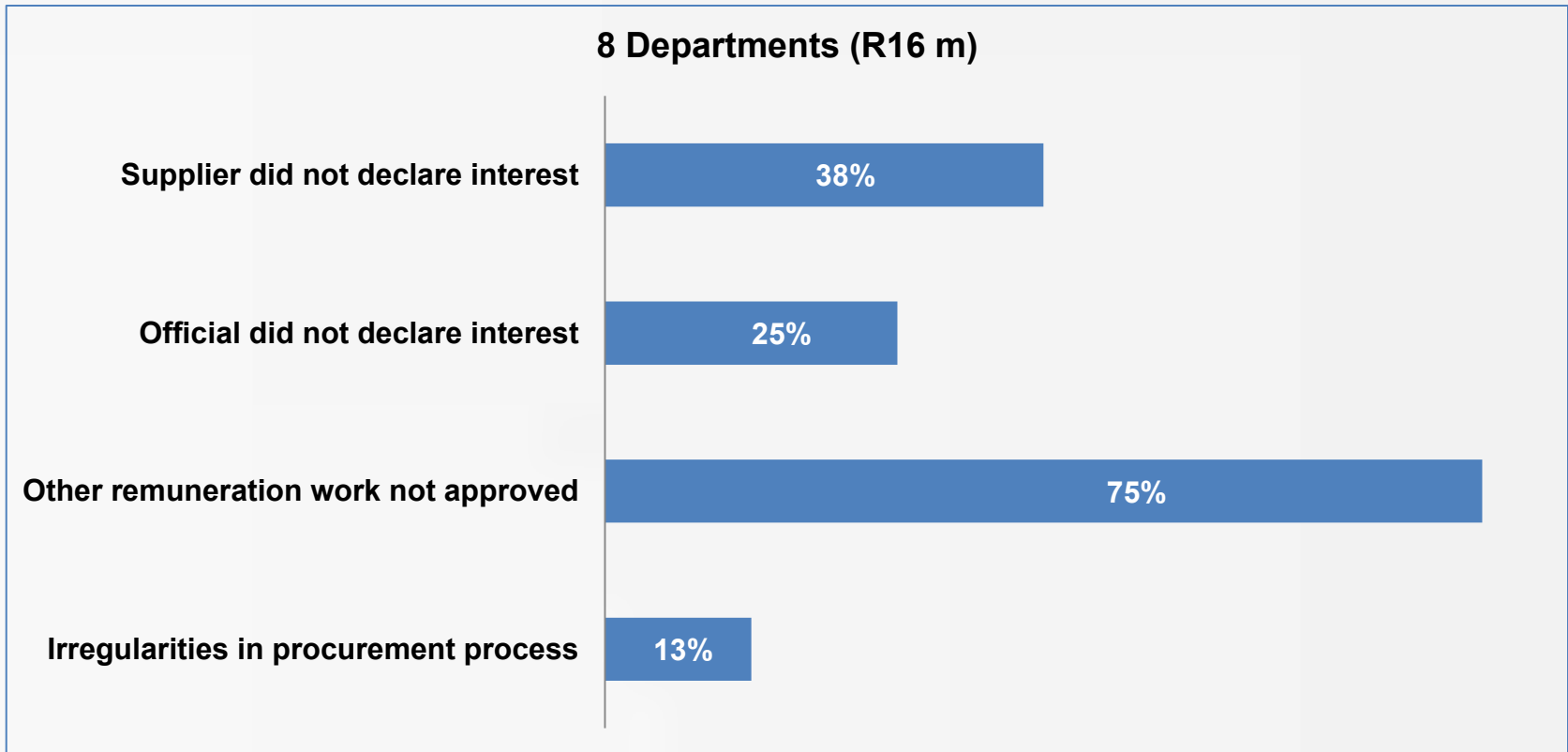
Departments and public entities with findings on SCM



Supply chain management

Awards to state employees and/ or their close family members

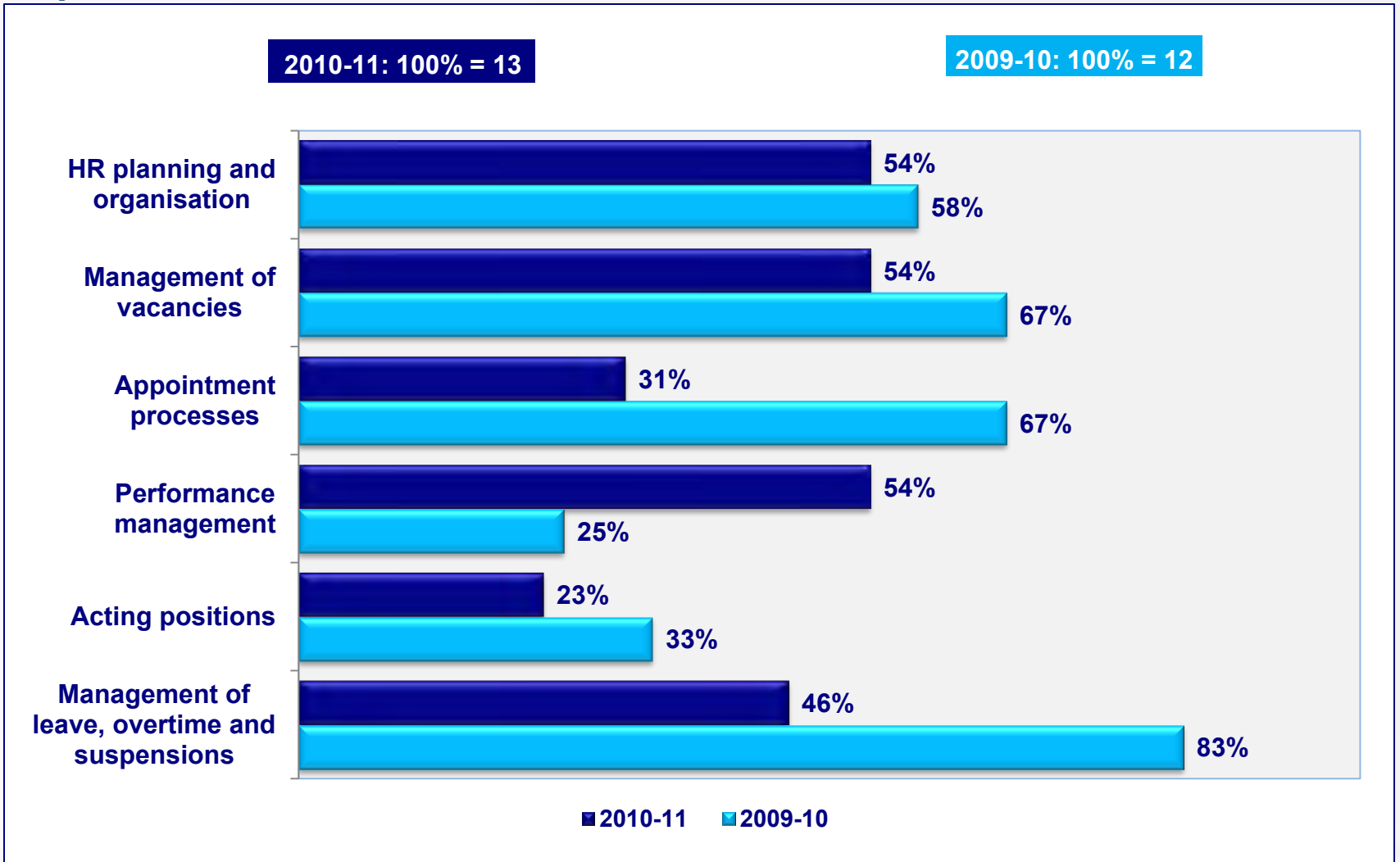
Departments with findings on state employees interest in suppliers



*There were no findings on awards to state employees and/ or their close family members for Public entities.

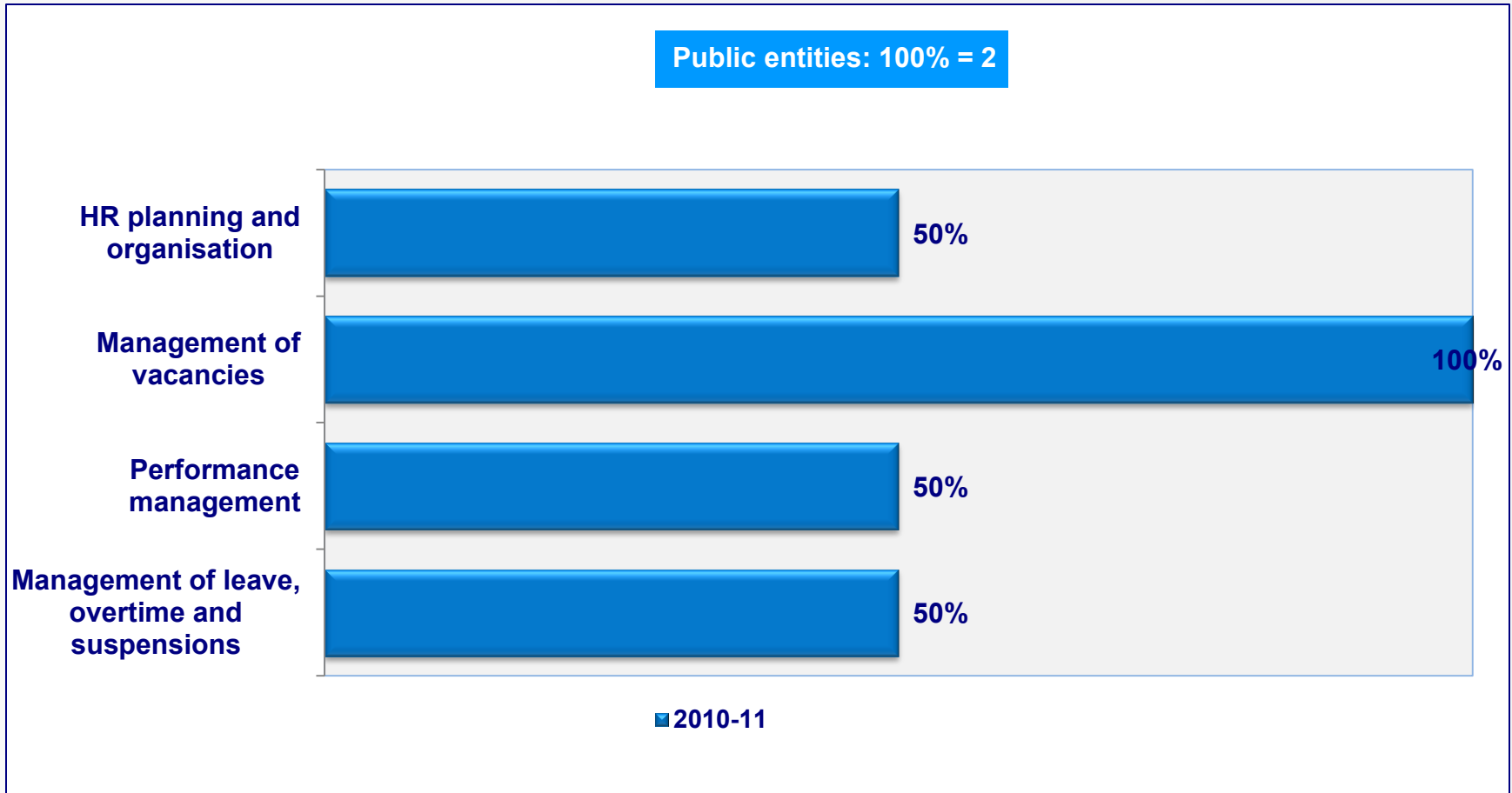
Findings on HR management focus areas

Departments where the focus area was audited

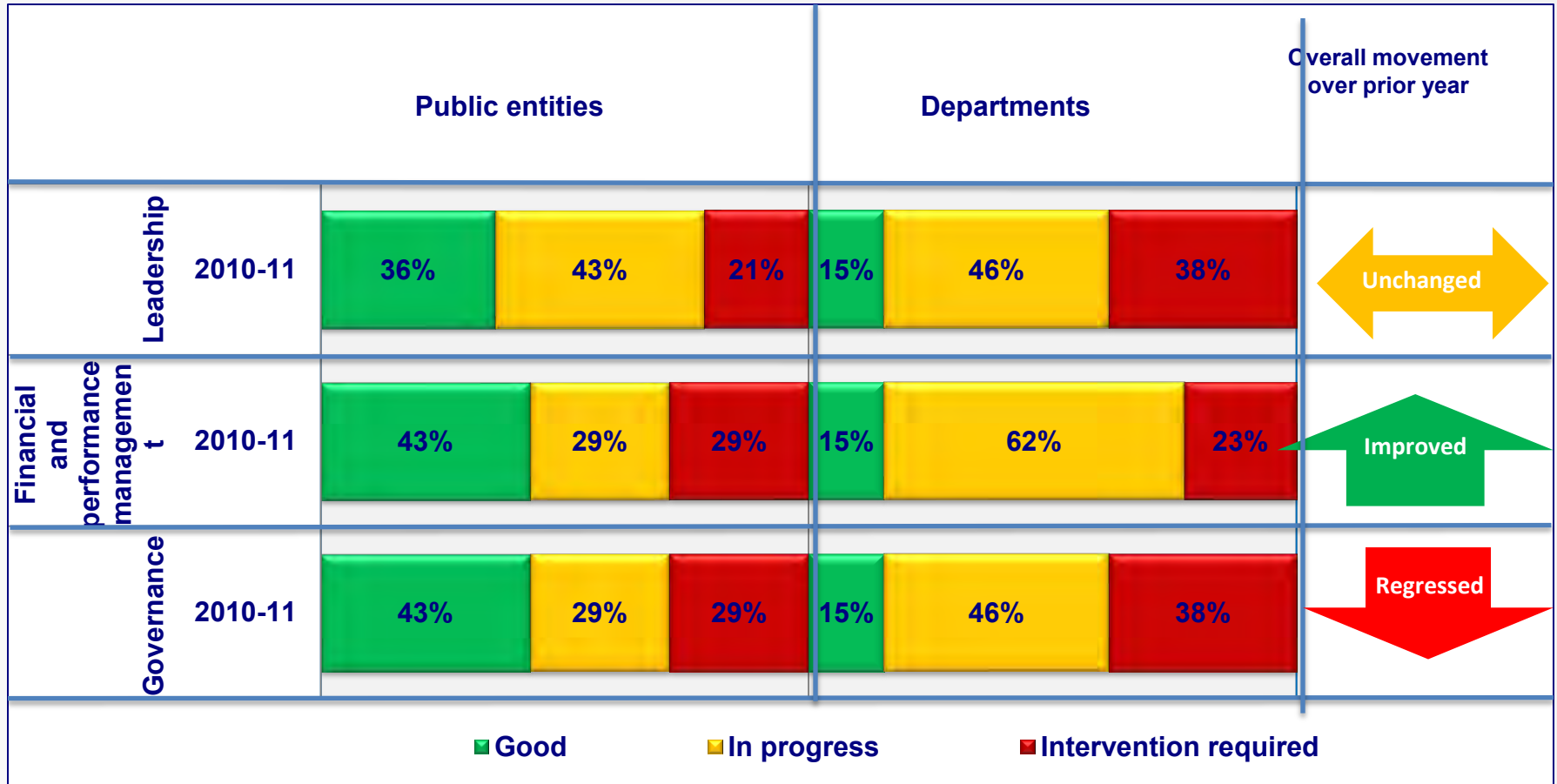


Findings on HR management focus areas

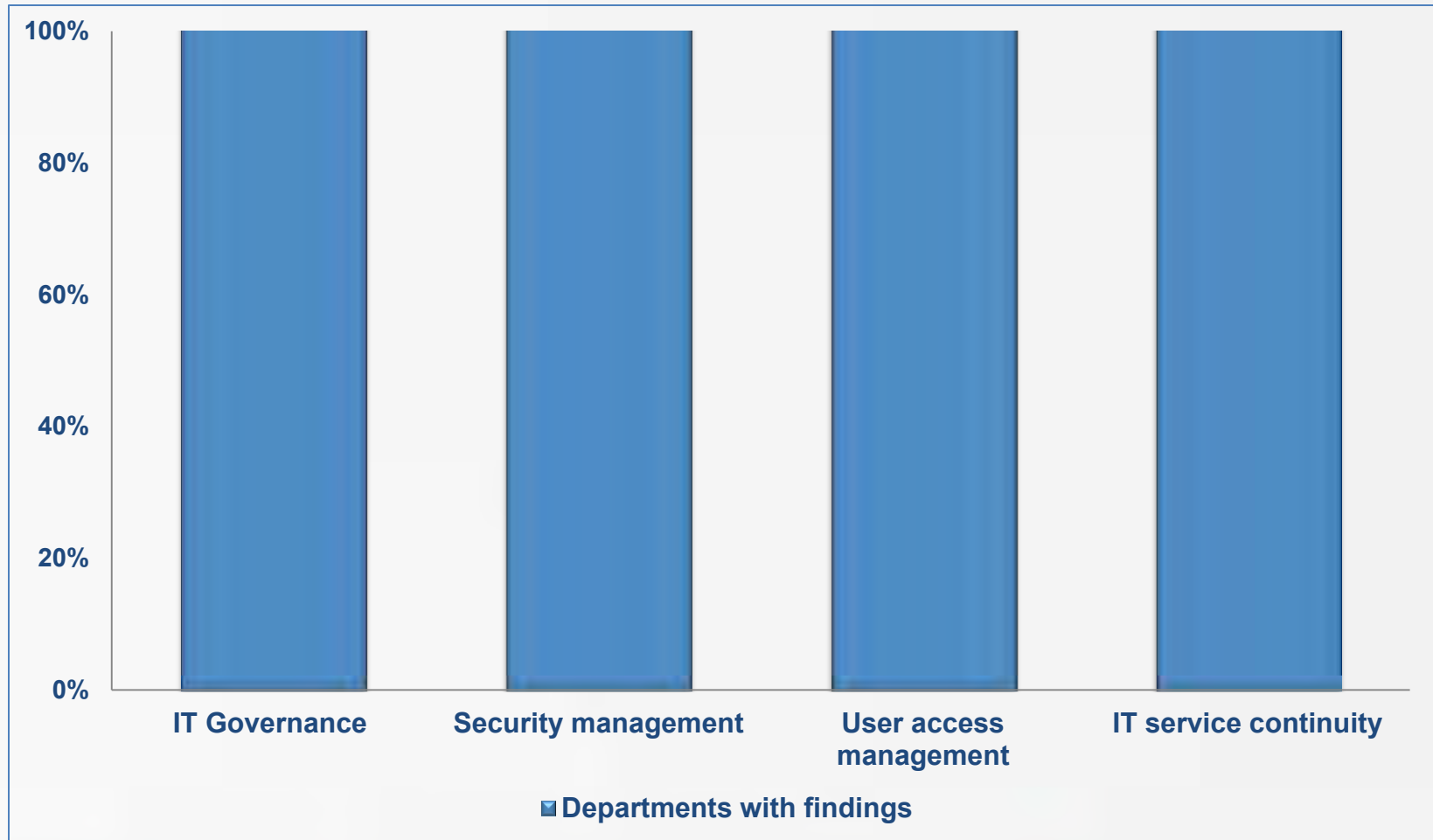
Public entities where the focus area was audited



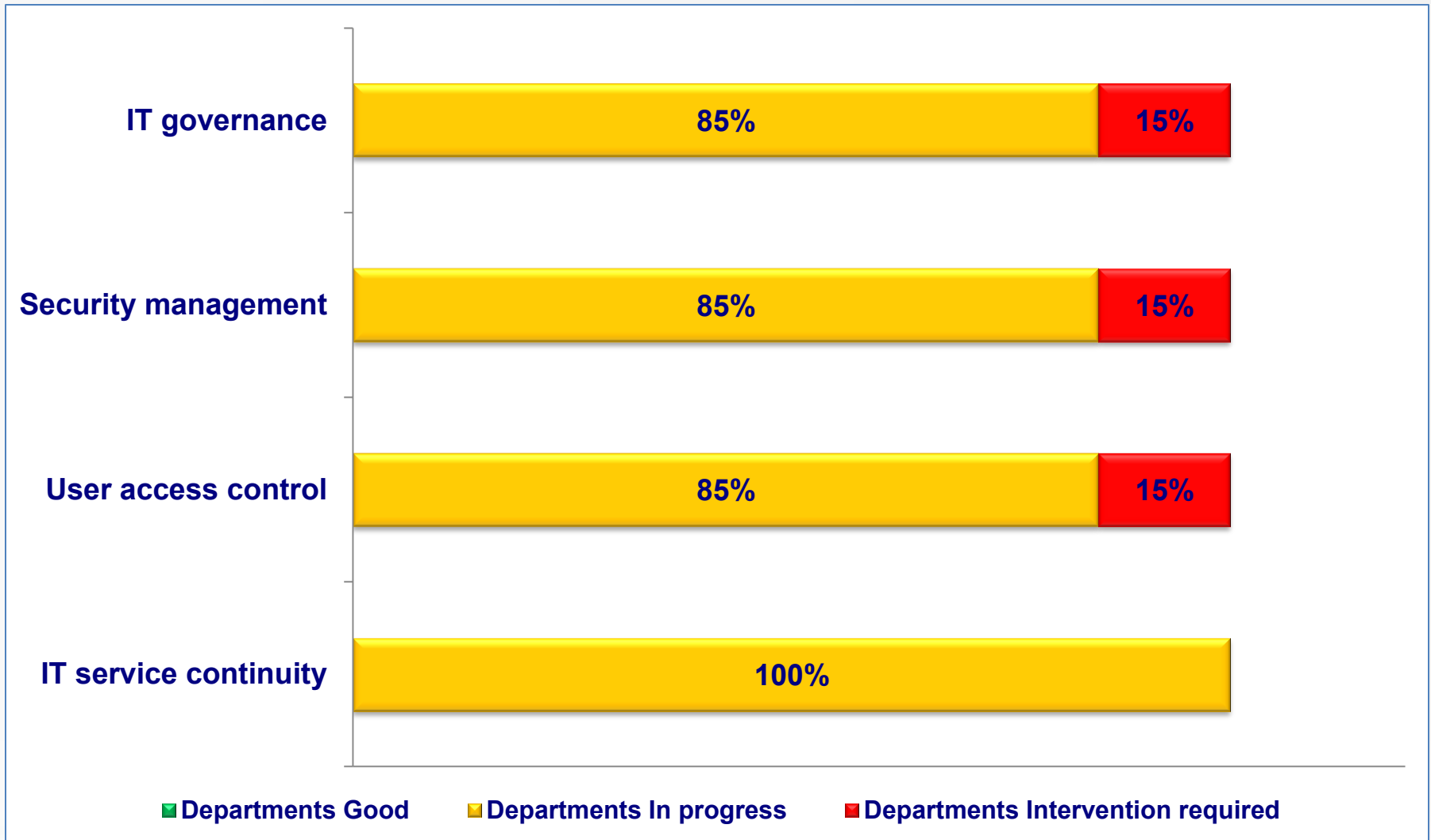
Progress made in implementing key controls



Findings on IT control focus areas



Progress in addressing previous year IT findings



Assessment of commitments from provincial key role players to address audit outcomes

	Role players	Supply chain management	Predetermined objectives	Financial management	Turn-around plans	IT Controls	HR management	Governance structures
Oversight Accountability	Provincial executive leadership (Premier and MEC Finance)	Intervention required	Intervention required	In progress	In progress	In progress	In progress	In progress
	Coordinated Provincial oversight (Provincial standing committees and Provincial Speakers Forum)	In progress	Intervention required	In progress	In progress	Intervention required	Intervention required	In progress
Administrative Accountability								

Intervention required
 In progress
 Good progress

