



PFMA
2022-23

Minister engagement on Trade, Industry and Competition portfolio outcomes and insights

October 2023



AUDITOR-GENERAL
SOUTH AFRICA



MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability.





To update the minister on the Trade, Industry and Competition portfolio outcomes and elevate insights on key matters



Strategic context

- Everyone in the accountability ecosystem has a role to play



Call to action

- Root causes and call to action



Portfolio outcomes

- PFMA 2022-23 audit outcomes



Annexure

- BRRR presentation to portfolio committee



1

Strategic context



Lived experiences of South African citizens

Consuming unsafe water



Schools using pit latrines, no basic amenities

Crossing rivers without bridges



Continued misuse of state resources and persistent weaknesses in systems of transparency, accountability and performance are of significant concern for citizens of South Africa broadly

The negative impact on the lived reality of South **African's** is the most important story represented by the numbers, findings and audit outcomes.

Heavy duty goods transported through roads



Learners learning under trees



Overcrowded hospitals



High influx of illegal immigrants



Living in mud houses and shacks



Load shedding

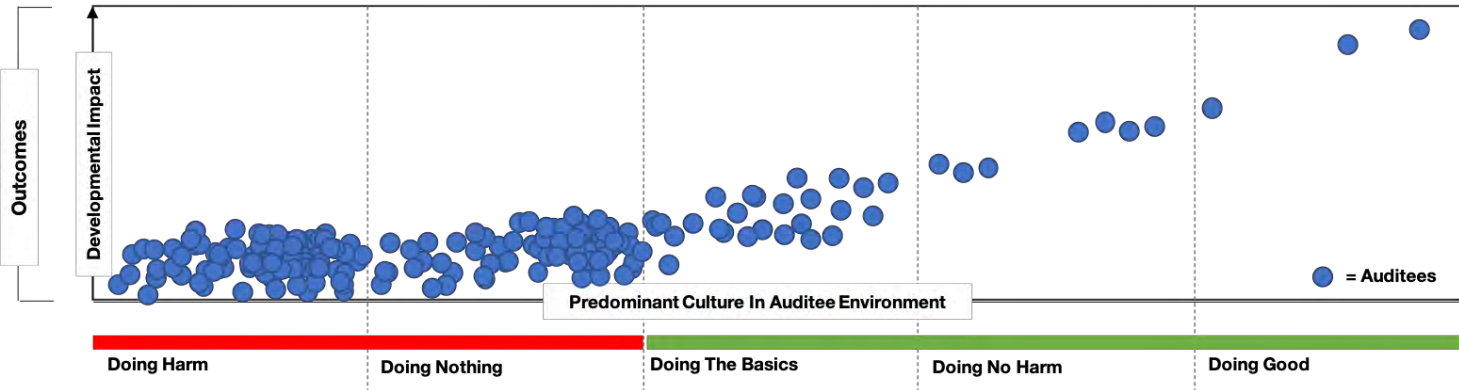


Our #cultureshift2030 aspirations

Today

Only a small number of our auditees do well

Illustrative Diagrams



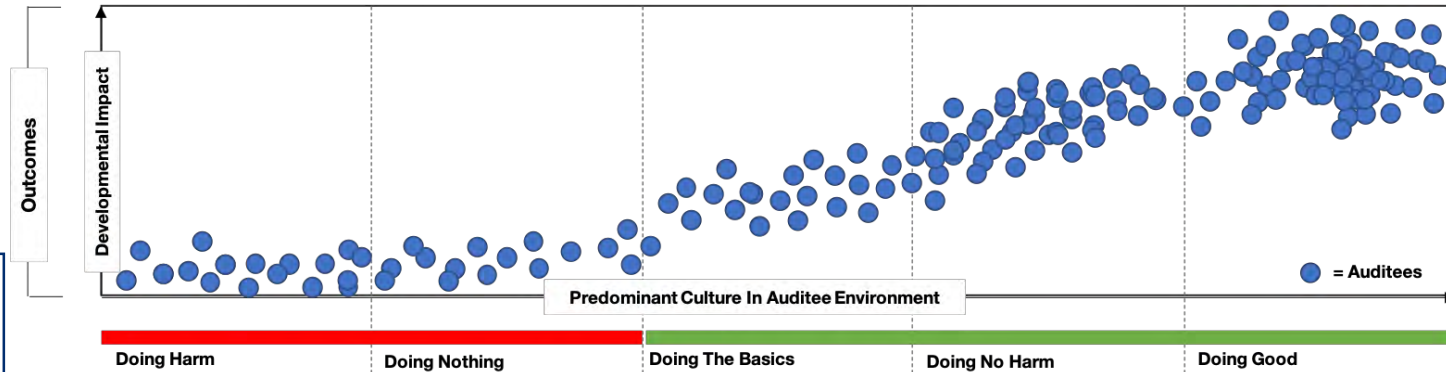
2030
A critical mass of our auditees moved towards cultures characterised by accountability, transparency and integrity.

Strategic aspiration

To have stronger, more direct and consistent impact on improving the lived realities of South Africans.

Accountability ecosystem

A broad-based, effective network of stakeholders driving and deepening public sector accountability.

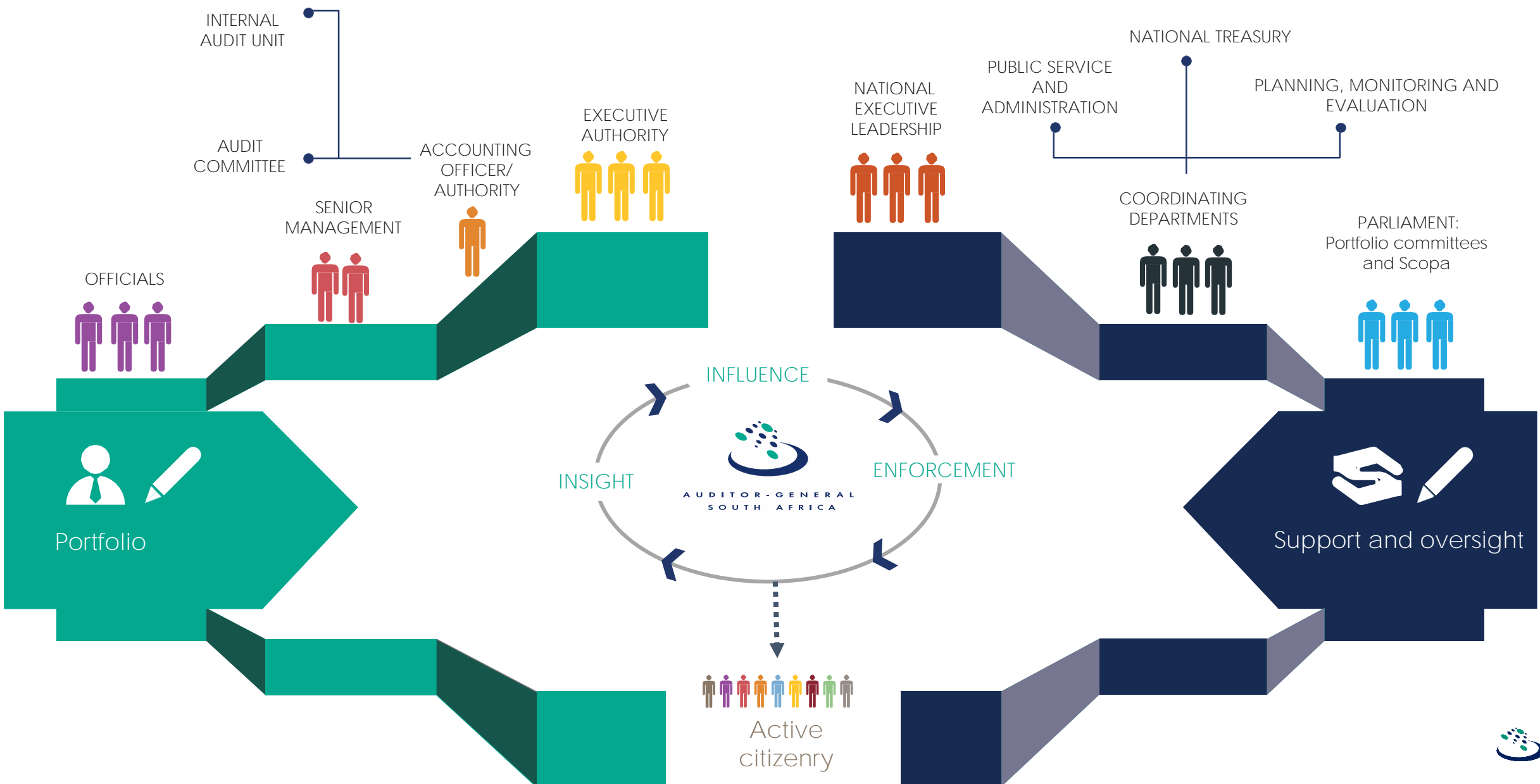


Theory of change

To sustainably and efficiently shift public sector culture through insight, influence and enforcement.



All have role to play in the national government accountability ecosystem



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Portfolio outcomes





Department of Trade, Industry and Competition

Audited by AGSA:

- Companies and Intellectual Property Commission (CIPC)
- Competition Commission (CC)
- National Credit Regulator (NCR)
- National Regulator for Compulsory Specifications (NRCS)
- South African Bureau of Standards (SABS)
- National Lotteries Commission (NLC)
- Competition Tribunal (CT)

Section 4(3) audits:

- Export Credit Insurance Corporation (ECIC)*
- National Empowerment Fund (NEF)*
- National Gambling Board (NGB)*
- National Metrology Institute of South Africa (NMISA)*
- South African National Accreditation System (SANAS)*
- Companies Tribunal (CT)*
- Industrial Development Corporation (IDC)*
- International Trade Administration Commission of South Africa (ITAC)*
- National Consumer Commission (NCC)*
- Take Over Regulation Panel (TRP)*



This presentation will focus on audit outcomes of eight (8) auditees in the portfolio (see next slide) where the audits were performed by AGSA.

* The section 4(3) audits, which are not audited by the AGSA, will not be included.



Improvement over administration term

	Unqualified with no findings (clean)	Unqualified with findings	Qualified with findings	Adverse with findings	Disclaimed with findings	Outstanding audits	
2019-20 FIRST YEAR OF ADMINISTRATION	6	1	1	0	0	0	8
2021-22	4	3	1	0	0	0	8
2022-23	6	1	1	0	0	0	8

MOVEMENTS FROM PREVIOUS YEAR:
2 ↑ 0 ↓

FROM FIRST YEAR OF ADMINISTRATION:
0 ↑ 0 ↓

DTIC	CC	SABS	NLC
CIPC	CT		
NCRS	NCR		

Material non-compliances
Include consequence management (NLC, SABS), supply chain management (NLC), material misstatements identified in the financial statements submitted for auditing (SABS, NLC), expenditure management (NLC, SABS)

Performance achievements of clean auditees
With the exception of NLC, all entities achieved their core mandate targets in the annual performance plan. The root cause for NLC not achieving one of its core mandate targets was due to the slow progress made towards improving the effectiveness of operations and the delays in implementing the necessary initiatives on the planned targets.

Best practice - Improvements and sustained clean Outcomes attributable to improved control environment and the implementation of effective and adequate root cause focused actions plans. Sustained clean audits attributable to strong leadership culture, sound financial and performance management processes, and effective governance structures that are supported by adequately resourced and skilled officials.

Impact of vacancies
Vacancies at some entities impact the effectiveness of the developed action plans. These include the AO and CFO position at DTIC, CEO for SABS



Regression over administration term (section 4(3) entities)

	Unqualified with no findings (clean)	Unqualified with findings	Qualified with findings	Adverse with findings	Disclaimed with findings	Outstanding audits	
2019-20	8	2	0	0	0	0	10
2021-22	7	3	0	0	0	0	10
2022-23	7	3	0	0	0	1	11

- Export Credit Insurance Corporation (ECIC)
- National Consumer Tribunal (NCT)
- Companies Tribunal (CT)
- National Gambling Board (NGB)
- National Metrology Institute of South Africa (NMISA)
- South African National Accreditation System (SANAS)
- National Consumer Commission (NCC)

- National Empowerment Fund (NEF)
- International Trade Administration Commission of South Africa (ITAC)
- Industrial Development Corporation (IDC)

- Takeover Regulation Panel (TRP)

MOVEMENTS FROM PREVIOUS YEAR:
 0 ↑ 0 ↓

Takeover regulation panel was not listed as an entity in the previous cycles.



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Root causes and call to action



Root causes

Inadequate monitoring and oversight over financial statement compilation and compliance

1

Poor implementation of action plans/action plans not root cause focused

2

Vacancies in key positions

3

Inadequate controls to prevent non-compliance with legislation

4

Call to action

Oversee the enhancement of controls over the preparation and review of financial statements to ensure compliance with the financial reporting framework

Continue to oversee progress with audit action plans put in place by the entities to improve audit outcomes

Continue to oversee and monitor the filling of the remaining vacancies to ensure stability of leadership.

Oversee the enhancement of preventative controls over procurement and contract management to prevent the incurrence of irregular expenditure



THANK YOU



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