



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



2016-17
PFMA

National Skills Conference

1

The AGSA's promise and focus



Reputation promise

2015-16
PFMA

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.



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Our annual audits examine three areas

2015-16
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1

FAIR PRESENTATION AND
RELIABILITY OF FINANCIAL
STATEMENTS

2

RELIABLE AND CREDIBLE
PERFORMANCE INFORMATION
FOR PREDETERMINED
OBJECTIVES

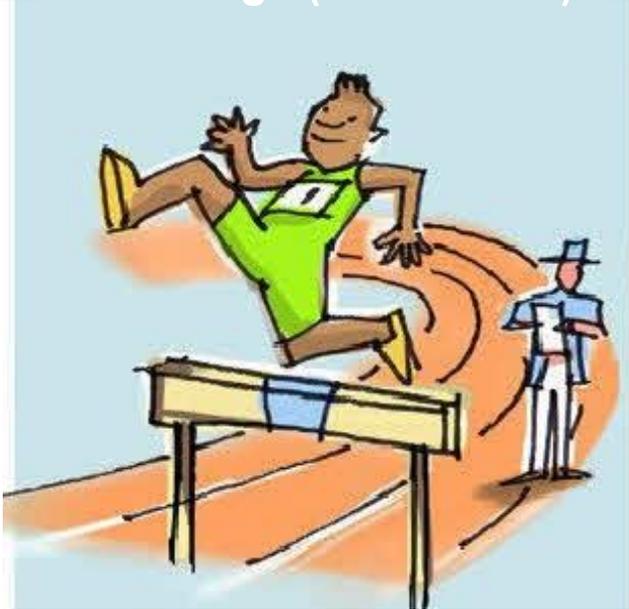
3

COMPLIANCE WITH KEY
LEGISLATION ON FINANCIAL
AND PERFORMANCE
MANAGEMENT



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Unqualified opinion with no findings (clean audit)



Auditee:

- produced credible and reliable financial statements that are free of material misstatements; and
- reported in a useful and reliable manner on performance as measured against predetermined objectives in the annual performance plan (APP); and
- observed/complied with key legislation in conducting their day-to-day to achieve on their mandate.

Financially unqualified opinion with findings



Auditee produced financial statements without material misstatements but struggled to:

- align their performance reports to the predetermined objectives they committed to in their APPs; and/or
- set clear performance indicators and targets to measure their performance against their predetermined objectives; and/or
- report reliably on whether they achieved their performance targets; and/or
- determine which legislation they should comply with and implement the required policies, procedures and controls to ensure compliance.

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Qualified opinion



Auditee:

- had same challenges as those that were unqualified with findings but, in addition, they could not produce credible and reliable financial statements.
- had material misstatements on specific areas in their financial statements, which could not be corrected before the financial statements were published.
- did not comply with key legislation in certain instances.

Adverse opinion



Auditee:

- has so many material misstatements in their financial statements that we disagree with almost all the amounts and disclosures in the financial statements.
- was unable to provide sufficient supporting documentation for amounts in the financial statements and achievements reported in the annual performance report.
- did not comply with key legislation.

Disclaimed opinion

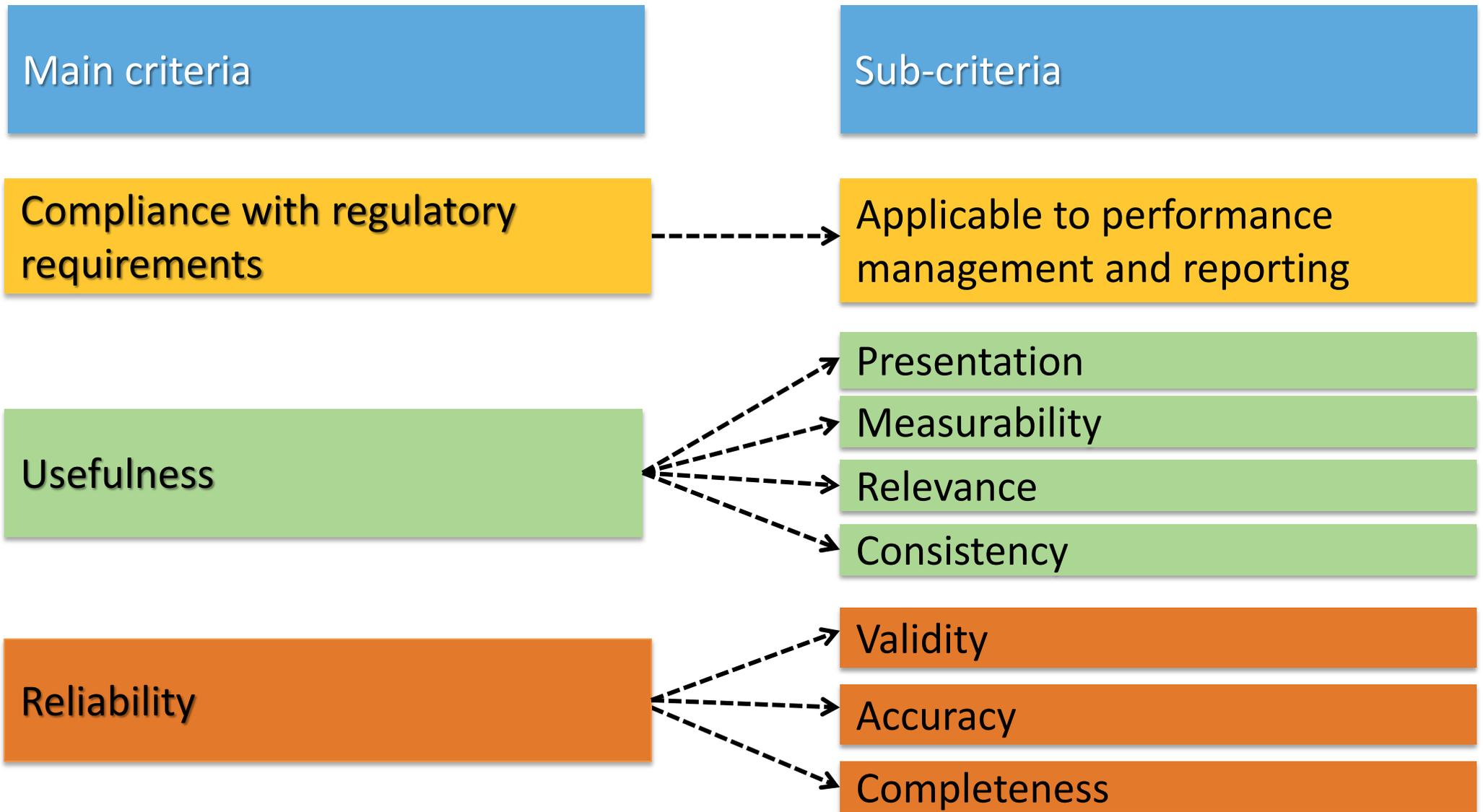


Auditee:

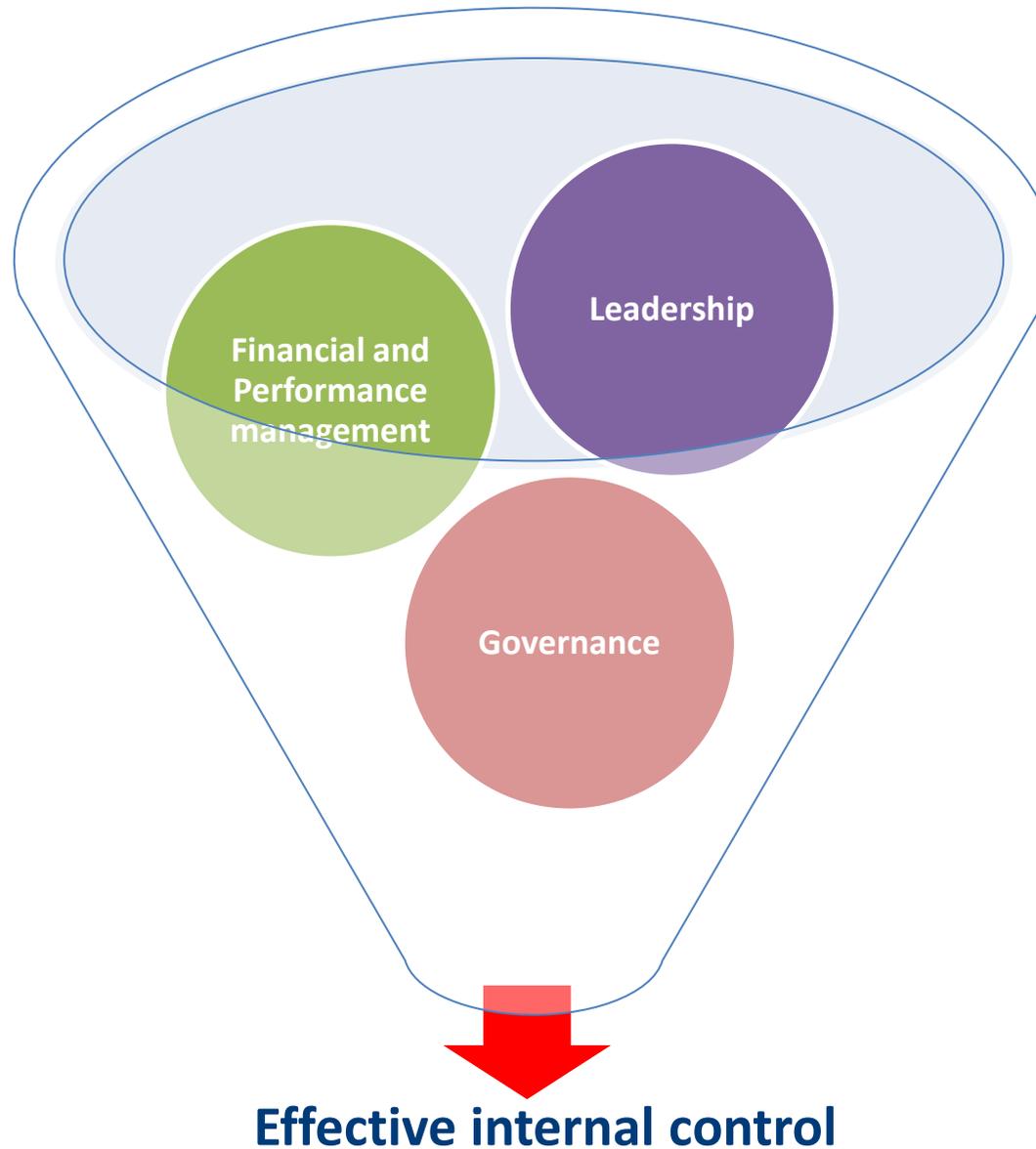
- could not provide us with evidence for most of the amounts and disclosures reported in the financial statements, and we were unable to conclude or express an opinion on the credibility of their financial statements.
- was unable to provide sufficient supporting documentation for amounts in the financial statements and achievements reported in the annual performance report.
- did not comply with key legislation.



Audit criteria



Three fundamentals of effective internal control



Key control analysis



LEADERSHIP

- Culture of honesty, ethical business practices and good governance
- Exercise oversight responsibility
- Effective HR management
- Policies and procedures
- Action plans to address internal control deficiencies
- IT governance framework



FINANCIAL AND PERFORMANCE MANAGEMENT

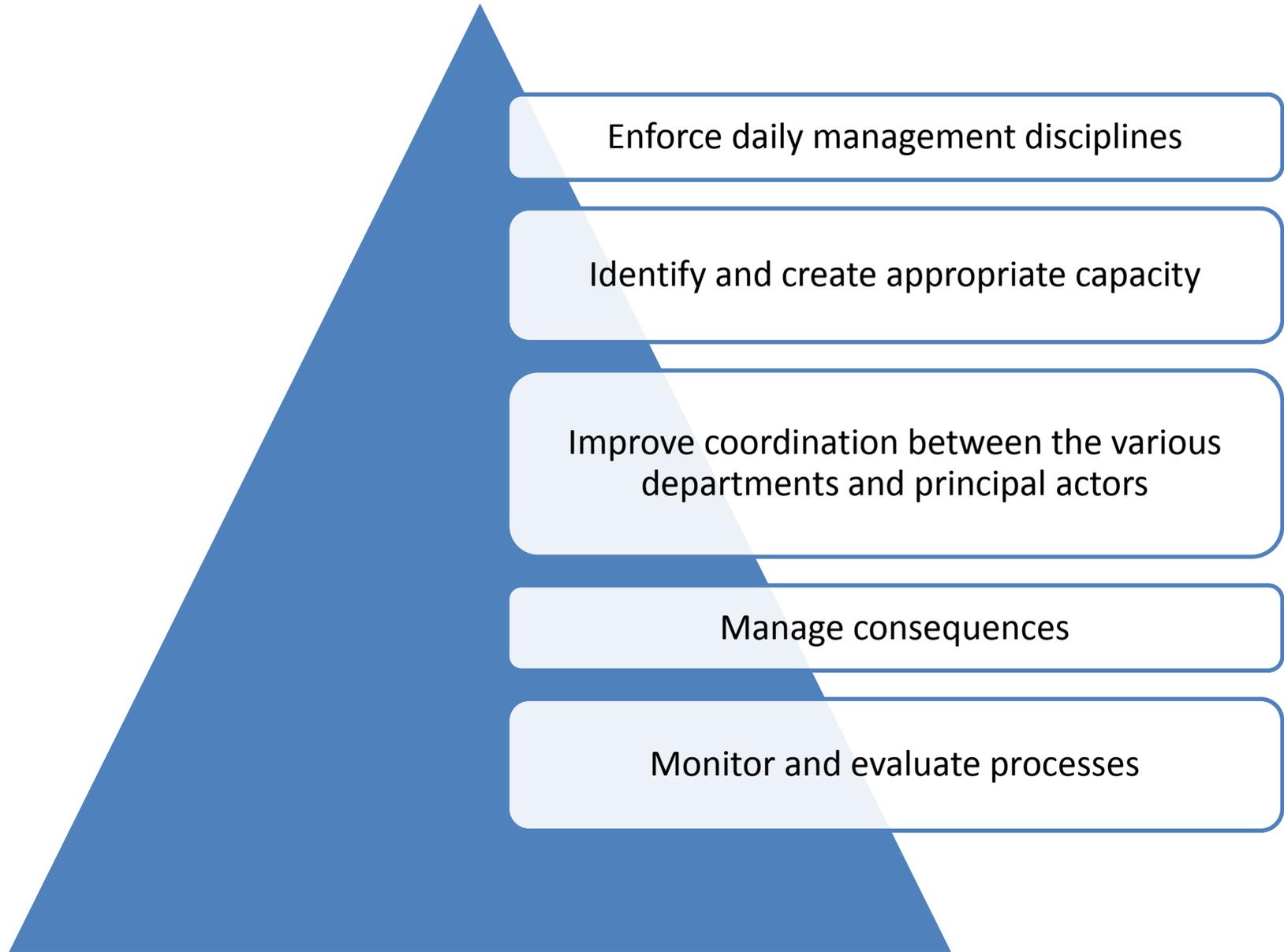
- Proper record keeping
- Controls over daily and monthly processing and reconciling of transactions
- Regular, accurate and complete financial and performance reports
- Review and monitor compliance with applicable laws and regulations
- Design and implement formal controls over IT systems



GOVERNANCE

- Appropriate risk management activities
- Adequately resourced and functioning internal audit unit
- Audit committee promotes accountability and service

Root causes: What needs to be done?



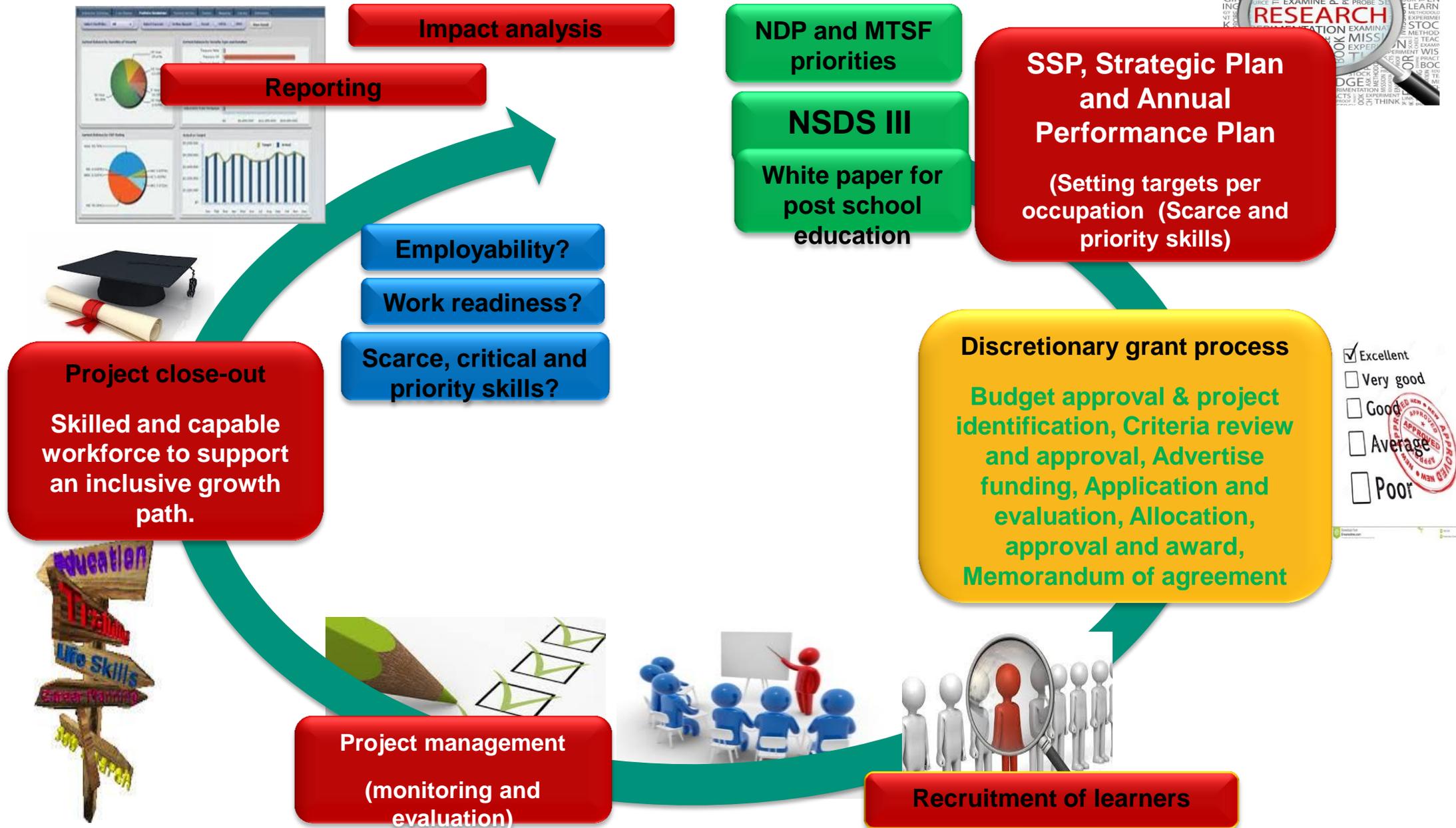
SETA Value Chain



Overall SETA value chain



SETA value chain – Indicator level



1

Sector skills development audit



Sector audit focus areas and findings

2014/15 – 2015/16

Focus areas:

1. Research
2. Partnership
3. Monitoring & Evaluation

Professional Research
not adequately used to
inform skills planning

Some SETAs do not
adequately assess the
effectiveness of their
programmes or
interventions

Some SETAs do not
enter into innovative
partnerships or report
their flagship projects

Monitoring not
consistently done and
monitoring findings not
shared and stored in an
accessible (integrated)
system

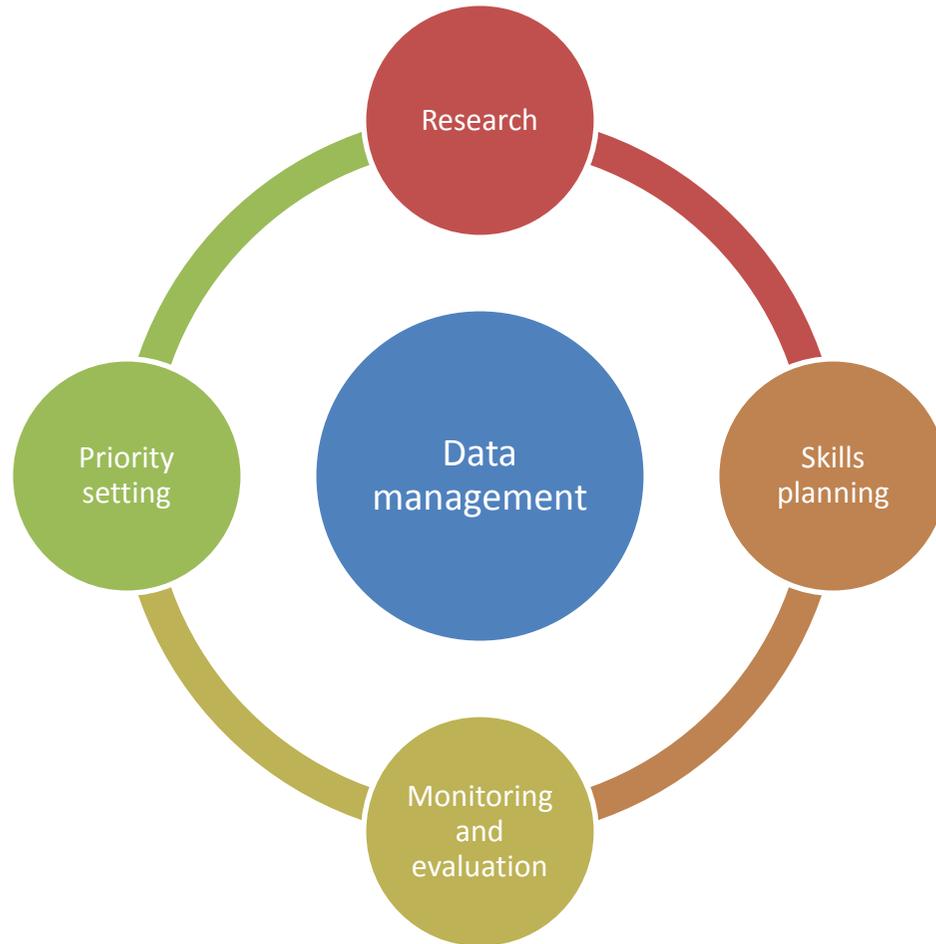
What are the root causes

- Is the **governance** of the skills planning and implementation effective?
 - clarification of roles and responsibilities of SETA accounting authorities and DHET
 - Collective identification of skills needs
 - National , provincial and sector skills needs priorities – Are we using the right systems?
- Are skills development interventions implemented informed by **professional research** and aligned to **national priorities**
 - NEET, new entrants in the labour market, in post-school education and training institutions, rural skills development (PIVOTAL – Bursaries + WIL, learnerships)
 - Addressing cross and inter-sectoral skills needs
- Are skills development role players prioritising **innovative skills development partnerships**?
 - Between SETAs themselves, SETAS and TVET colleges, employers NGOs, Trade unions, SMMEs etc.
 - Curriculum development, accreditation and quality assurance (QCTO, CHE)

What are the root causes (cont)

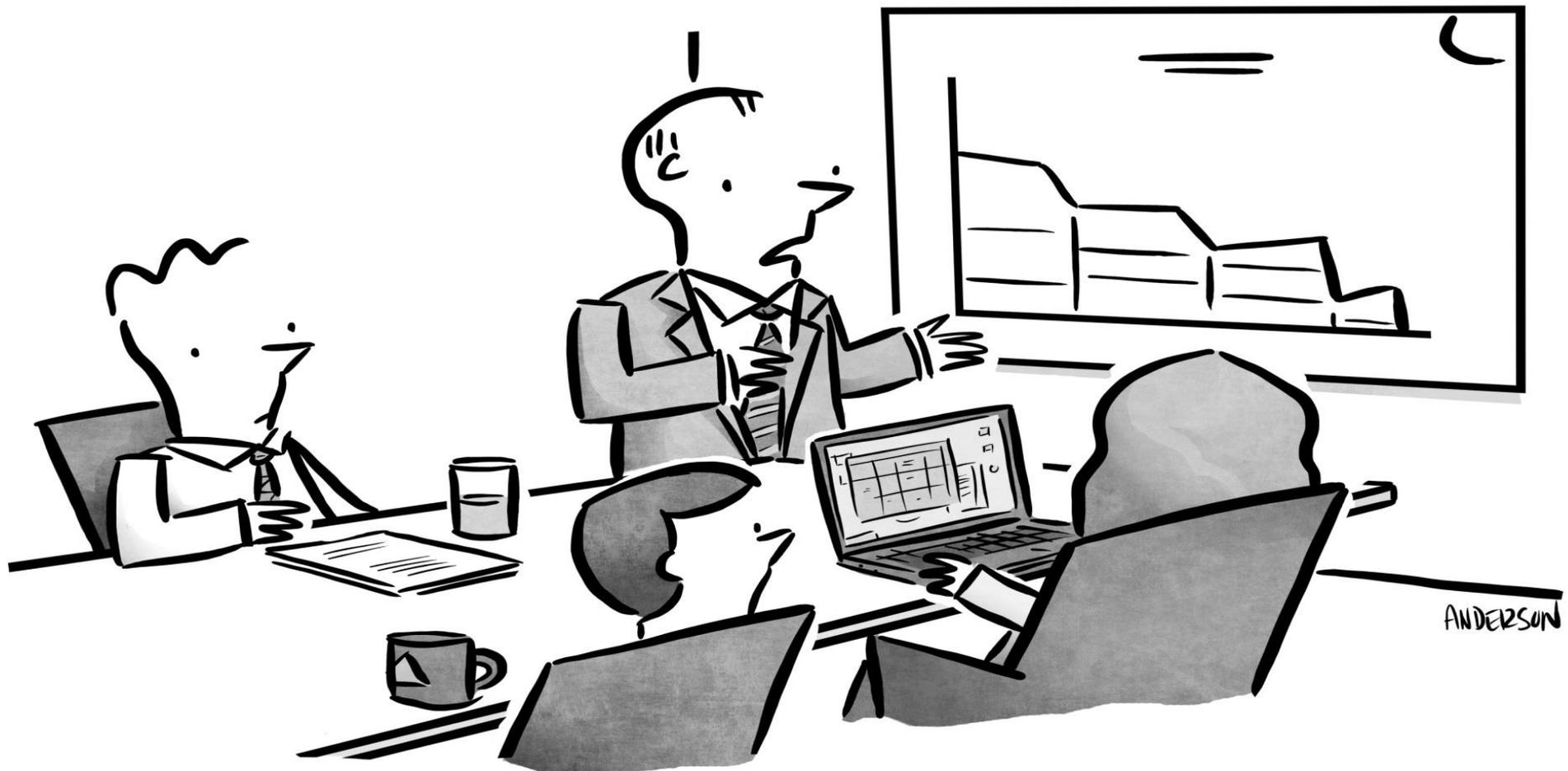
- Is the **revitalisation of colleges** (TVET and Community Education and Training) prioritised?
 - Improving the competence of college lectures through exposure to workplace
 - Facilitating curriculum change to be market demand-driven
- Is the integration of **data management** systems practised and skills development data consistently and accurately captured?
 - Working towards integrated information management systems
 - Effective record keeping – accessible, accurate and updated
- Are skills development role players **monitoring and evaluating** the effectiveness of their skills development programme?
 - Monitoring and evaluation of national skills development strategy – National Skills Authority
 - M&E for sector skills development (SETAs)
 - Oversight on institutional skills development projects M&E(SETA)

Why data management is central to national skills development challenges?



- Accurate and reliable data is essential for identifying research themes, skills planning, monitoring and evaluation and priority setting.
- Data is also essential if we need to assess the effectiveness of the national skills development strategies
- Availability of data will enable the evaluator to economically and efficiently determine the effectiveness of the national skills strategy

If you ask me what is the single factor that can help us to implement our skills development programmes effectively, efficiently and economically, I would say that data management is key. Obviously acknowledging that multi-factors play a role considering the complexity of the problem



“The bad news is that our data can’t exactly show who our customers are. The good news is, we know for SURE they aren’t happy.” #betterdata

Conclusion

Education without jobs carries risks of its own. Expanding opportunities for higher education without a concomitant increase in employment opportunities can be hazardous. High unemployment among educated youth can potentially lead to political upheaval and violence.

NDP; 2011;p86

Given the scale and ambition of the task, leadership and vision are needed from all sections of society, with leaders who are able to rally constituencies around long-term goals, recognising that the benefits may be unevenly distributed and take time to realise. Similarly, leadership in government will be crucial in ensuring a more concerted and coordinated effort to implement agreed programmes.

NDP; 2011; p94

Questions

