



**PSIRA**  
Private Security Industry Regulatory Authority

***MANAGEMENT ACTION PLAN TO ADDRESS AUDIT FINDINGS***

***MANABELA CHAUKE, DIRECTOR***

***16 NOVEMBER 2016***

# Overview

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**1. Historical Audit Information**

**2. Key Achievements**

**3. Key Controls implemented**

**4. 2015/16 Audit report**

**5. Action Plan**

**5.1 Annual Financial Statement**

**5.2 Predetermined Objectives**

**6. Towards clean audit**



# 1. Historical Audit Information

DETAILS	2011/12	2012/13	2013/14	2014/15	2015/16
<b>REPORT ON FINANCIAL STATEMENTS</b>					
<b>Audit Opinion</b>	Unqualified	Qualified	Unqualified	Unqualified	Unqualified
<b>Emphasis of matter</b>					
<i>Significant uncertainties</i>	SIA Law suits	SIA Law suits	SIA Law suits	SIA Law suits	Law suits and Demolition costs
<i>Going Concern</i>	Yes	Yes	Yes	Yes	No
<i>Material losses</i>	Yes	Yes	Yes	Yes	No
<i>Material impairments</i>	No	Yes	Yes	Yes	Yes
<i>Restatements of corresponding figures</i>	Yes	Yes	Yes	Yes	Yes
<b>REPORT ON LEGAL AND REGULATORY REQUIREMENTS</b>					
<b>Predetermined objectives</b>					
<i>Law Enforcement</i>	SMART	SMART	No	No	No
<i>CRM and Training</i>	SMART	SMART	No	Usefulness & Reliability	Reliability
<b>IRREGULAR AND FRUITLESS EXPENDITURE</b>					
<i>Irregular Expenditure</i>	Yes	Yes	Yes	Yes	No
<i>Fruitless and Wasteful Expenditure</i>	Yes	Yes	Yes	Yes	YES

## 2. Key Achievements

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- Improvement of Going Concern
- Unknown and unallocated deposits
- Irregular expenditure eliminated
- Finalisation of SIA case
- Review and Implementation of Annual fees on annual basis
- Implementation of Governance structure
- 94% of the planned targets achieved
- Review of Code of Conduct

### 3. Key Controls Implemented

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- Risk Management and Combined Assurance model
- Risk based Audit plans
- Consequence management
- Document management system
- Performance Management framework
- Establishment of oversight structure
  - ✓ *Council*
  - ✓ *Finance and Investment Committee*
  - ✓ *Audit and Risk Committee*
  - ✓ *Internal Audit*
  - ✓ *Risk Management Committee ( EXCO)*
  - ✓ *Operation Clean Audit Committee ( EXCO)*

# 2015/16 Audit Report

# Matters affecting Audit Report

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- Material misstatements in the financial statements ( section 55 (1)) of the PFMA.
  - ✓ Correction of prior year misstatements:  
*Reinstatements of suspended and previously withdrawn SP.*
  - ✓ Understatement of commitment disclosure  
*IT Contract.*

# Emphasis of Matters

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- Restatement of corresponding figures
  - *reinstatement of suspended SPs*
- Material Impairments
  - *Provision of impairment for trade debtors.*
- Significant uncertainties
  - *Law suits and Demolition costs for Arcadia building.*



# Predetermined objectives

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<b>Selected programme</b>	<b>Usefulness</b>	<b>Reliability</b>
Programme 2: Law Enforcement	Unqualified	Unqualified
Programme 3: Communication, Registration (CRM) and Training	Unqualified	Qualified



## **Additional Matters: Non-Compliance to Legislation**

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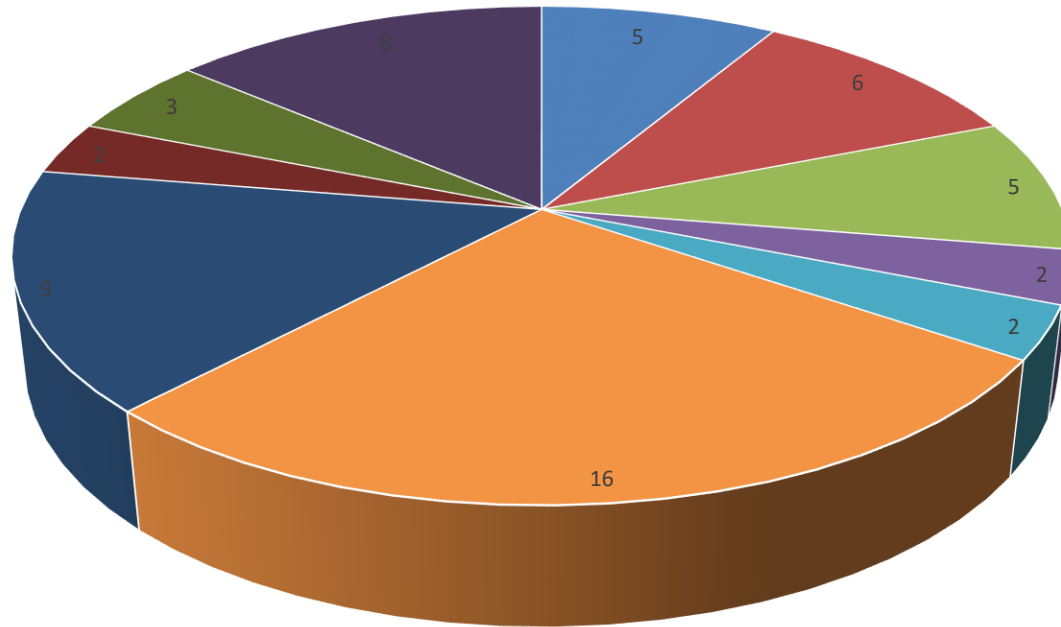
- ✓ *Lack of effective, efficient and transparent system of financial and risk management and internal controls.(section 51(1)(a)(i) of the PFMA*
- ✓ *Financial Statement not fully compliant with prescribed financial reporting*
- ✓ *Effective steps to prevent fruitless and wasteful expenditure*
- ✓ *Consequence management not implemented*
- ✓ *Internal controls implemented not fully effective*
- ✓ *Inadequate oversight role regarding financial and performance information*
- ✓ *Proper controls were not implemented over daily and monthly processing, reconciling and reporting of financial and performance information*



# 2015/16 ACTION PLAN

# Summary of Audit Findings

Findings Per Department

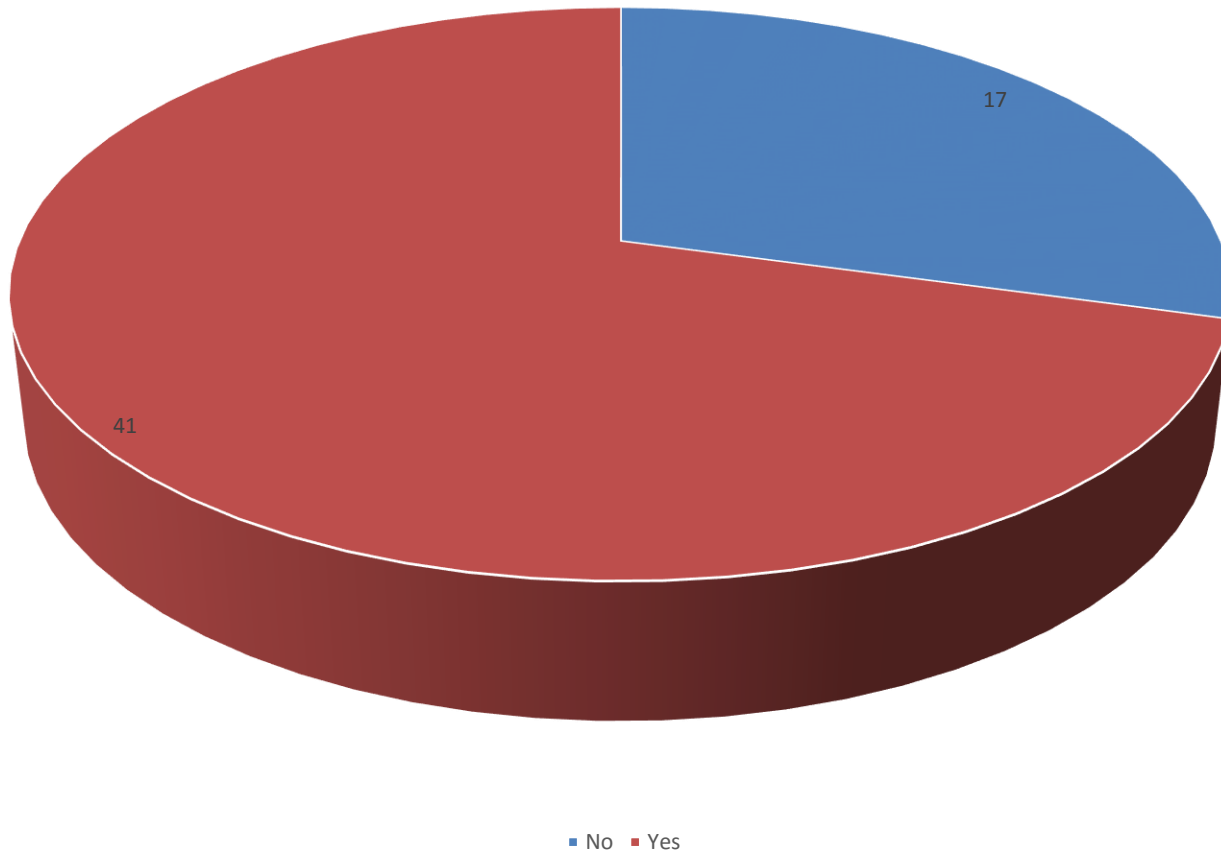


- Accounts Receivables
- Asset Management
- Business Information Technology
- Communications
- CRM
- Finance
- Human Capital
- Law Enforcement
- Registration
- SCM

# Status of Action Plan

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Resolved Audit Findings



# **Annual Financial Statement**

**Responsible official :**

**Deputy Director Finance and  
Administration**

## Annual Financial Statements cont....

Action Plan	Target Date
Preparers of AFS will attend GRAP refresher course.	30 Nov 2016
Project plan will be developed and synchronised to ensure that there is adequate time for quality assurance by oversight structures.	Done
Monthly, Quarterly and Year end checklist are implemented to ensure GRAP compliance.	Done
Dash Board and Key control are being implemented to monitor progress on quarterly basis.	Done
FMCMM implemented to assess and improve internal controls.	30 Nov 2016
Exception report will be done on monthly basis.	31 Dec 2016



# Annual Financial Statements cont....

Action Plan	Target Date
<p>Registers are monitored to enhance quality of AFS</p> <ul style="list-style-type: none"><li>✓ Contract Register.</li><li>✓ Policy register.</li><li>✓ Commitments register</li><li>✓ Deviation Register</li><li>✓ Fruitless and wasteful register</li><li>✓ Irregular Register</li></ul>	Done





# Annual Financial Statements cont....

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<b>Action Plan</b>	<b>Target Date</b>
<p>Recons are monitored to enhance quality of the AFS</p> <ul style="list-style-type: none"><li>✓ Debtors recons</li><li>✓ Creditors recons</li><li>✓ Assets recons</li><li>✓ Leave recons</li><li>✓ Payroll recons</li><li>✓ Suspense account (Clearing/Recon)</li></ul>	Done



# Action Plan: Other Matters

Action Plan	Target Date
<ul style="list-style-type: none"><li>• <b>Accounts Receivable</b><ul style="list-style-type: none"><li>✓ Intensify communication by sending SMS's to remind SP's to send PSiRA 21 returns.</li></ul></li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ No Letter of Good Standing is being issued if the SP did not submit the PSiRA 21 return.</li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ PSiRA 21 returns are requested during inspections.</li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ PSiRA bank account configured to reject deposit without reference number.</li></ul>	<b>Done</b>



# Action Plan: Other Matters

Action Plan	Target Date
<ul style="list-style-type: none"><li>• <b>Assets management</b> Framework is developed and monitored on quarterly basis.</li></ul>	<b>Done</b>
Section 32 Tender Compliance Checklist is developed	<b>Done</b>



# Action Plan: Other Matters

Action Plan	Target Date
<ul style="list-style-type: none"><li>• <b>BIT Findings</b><ul style="list-style-type: none"><li>✓ IT Governance Register to be developed.</li></ul></li></ul>	30 Nov 2016
<ul style="list-style-type: none"><li>✓ DDFA will twice a year review granting users access to financial systems.</li></ul>	Done
<ul style="list-style-type: none"><li>✓ Problem management policy will be developed and implemented.</li></ul>	31 Jan 2017



# **PREDETERMINED OBJECTIVES**

# **PREDETERMINED OBJECTIVES**

**Responsible official :**

**Deputy Director Communication,  
Registration and Training**

# Action Plan: Predetermined Objectives

Action Plan	Target Date
<ul style="list-style-type: none"><li>• <b>Registration</b><ul style="list-style-type: none"><li>✓ Method of calculation and the formula was reviewed</li><li>✓ Quality review of all forms are submitted is done Head Office.</li></ul></li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>• <b>Communication</b><ul style="list-style-type: none"><li>✓ Clearly defined processes and procedures of handling complains has been developed.</li></ul></li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>• <b>Customer Relation Management</b><ul style="list-style-type: none"><li>✓ Document management is implemented</li></ul></li></ul>	<b>Done</b>



# **PREDETERMINED OBJECTIVES**

**Responsible official :**

**Deputy Director Law Enforcement**



# Action Plan: Predetermined Objectives

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Action Plan	Target Date
<ul style="list-style-type: none"><li>• <b>Law Enforcement</b><ul style="list-style-type: none"><li>✓ An instruction indicating that all investigations files must be signed off, dated and verified by the respective managers was issued and unsigned investigation files are returned for correction.</li></ul></li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ Firearms inspection is verified by senior inspectors and managers. Accurate records are kept.</li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ All reports are forwarded to Head Office for audit verification and forwarded to SAPS, the administrator of the Firearm.</li></ul>	<b>Done</b>



# Action Plan: Predetermined Objectives

Action Plan	Target Date
<ul style="list-style-type: none"><li>• <b>Law Enforcement</b></li><li>✓ Instructions have been issued that proof of criminal cases must be filed on the investigations files and verified by the respective senior inspectors as well as managers.</li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ Official proof from SAPS in respect of the criminal case is filed on the investigation file before the file is closed on the database and filed as finalised.</li></ul>	<b>Done</b>
<ul style="list-style-type: none"><li>✓ This document is filed on the investigation file and the CAS number captured thereafter and on receipt thereof from SAPS. Follow up is made quarterly</li></ul>	<b>Done</b>



# Accounting Authority Commitment towards Clean Audit

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## Leadership Commitment

- ✓ Exercise oversight responsibility
- ✓ Ensure effective human resource practices
- ✓ Approve and monitor implementation of appropriate policies and procedures
- ✓ Approve and monitor the implementation of action plans to address internal control deficiencies

## Financial and performance management

- ✓ Ensure proper record keeping of all transactions
- ✓ Maintain effective controls over daily and monthly processing and reconciling of transactions
- ✓ Produce regular, accurate and complete financial and performance reports
- ✓ Review and monitor compliance with applicable legislation



# Accounting Authority Commitment Towards Clean Audit

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## Governance

- ✓ Ensure that risks are periodically identified, assessed and effectively mitigated
- ✓ Maintain an adequately resourced and functioning internal audit unit
- ✓ Maintain an audit committee that performs its legislated duties and promote accountability and service delivery .



**PSiRA**  
Private Security Industry Regulatory Authority

**THANK YOU**

