



MINISTRY
HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

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Minister Blade Nzimande welcomes Auditor-General's report on clean SETA audits; urges other DHET entities to emulate them

Higher Education and Training Minister Blade Nzimande has welcomed the 2015/16 report by the Auditor General which highlights the significant positive contribution of the Sector Education and Training Authorities to the year's overall improved performance at national government level.

The SETAs fall under the auspices of the DHET and, in the words of Auditor General Kimi Makwetu, "contributed a third of the clean audit outcomes at national level." The AG was reporting to Parliament on the performance of national and provincial government departments and entities under the Public Finance Management Act for the 2015/16 financial year.

"It is extremely pleasing that the AG was able to find that clean audits within the DHET's portfolio have doubled over the past three years," said Minister Nzimande. "The overall improvement within the Department itself plus one institute and 26 public entities it manages has been the result of a major effort by our officials, who must be congratulated even as we urge them to continue to work to improve performance further."

The AG said of the DHET and its entities that "the quality of financial statements submitted for auditing improved when compared to the previous year. The improvement was due to implementation of action plans to address previous years' reported internal control deficiencies. Staff were held accountable for implementation of internal controls through incorporating audit outcomes as part of the key performance areas in the staff performance agreements."

Clean audits among the 26 DHET entities had doubled, with a corresponding decrease in the unqualified audits with findings. The audit outcomes of 19 of the DHET's 26 auditees remained consistent when compared to the previous year.

Four SETAs had managed to maintain clean audits in each of the last three years, said the AG, and two maintained clean audits in each of the last two years. Four SETAs achieved clean audits for the first time in 2015/16. Unfortunately, one Seta had regressed from an unqualified opinion with findings to a qualified

opinion, while three entities, including one Seta, had regressed from a clean audit to an unqualified opinion with findings.

Turning to the AG's findings on the National Skills Fund and the Safety and Security Seta, which together contributed 59% of the total irregular expenditure incurred in 2015/16, Minister Nzimande said there was clearly still work to be done to ensure that the DHET and its subordinate entities attained only unqualified audit opinions. "We are working together with the Department, the SETAs, and our other entities to ensure that the Auditor General's concerns are taken seriously, and that his advice on how to improve performance further are implemented as a matter of urgency."

Increased efforts would also be undertaken in the technical and vocational education and training colleges recently brought under the auspices of the national DHET after having been a provincial responsibility. Here, the AG found that "the trend in audit outcomes over the past three years indicates that the colleges have started to make some headway in the quality of their financial statements, resulting in improvement in the overall audit outcomes."

But despite seven colleges receiving unqualified audit opinions in financial 2015-16 after only one had achieved this status two years before, there was still significant room for improvement. "The areas which mostly informed qualified and disclaimed audit opinions were on property, plant and equipment, student receivables, trade payables, revenue and expenditure," said the AG.

"We must and we will build on the examples set by Ekurhuleni East TVET college, which received an unqualified audit, and on the performance of Esayidi, Maluti and Northern Cape Urban colleges, which avoided a qualified audit opinion for the first time," said Minister Nzimande. "Overall, we can be pleased by the progress made by the DHET and its entities, but we will not be resting on our laurels as we strive for ever better financial performance."

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