



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

**ABASA  
Presentation**

**Presented By  
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**The Role of SCOPA in  
oversight of Public  
Entities**



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OF THE REPUBLIC OF SOUTH AFRICA

## Some critical questions!

- “ What role should our Public Entities play?
- “ What is the current oversight outlook of Parliament towards Public Entities?
- “ Are the public entities playing their envisaged role successfully?
- “ How best can Public Entities play a role in enhancing service delivery?
- “ Do we really need Public Entities in their current form?

# Contents of the presentation

- “ Legislative framework & overview of the mandate of the Public Accounts Committee.
- “ Review the work & impact of the Public Accounts Committee in the oversight framework.
- “ Challenges faced by Public Entities
- “ Ways to minimize qualified audits
- “ The contribution of ABASA in addressing challenges faced by public entities
- “ Vision of SCOPA for the 4<sup>th</sup> Parliament.

# Legislative Framework

## Constitutional Provisions

- “ Section 55 (1) & (2) of the Constitution outlines the powers of the National Assembly and any of its Committees.

## Rules of the National Assembly

- “ SCOPA established i.t.o rule 204 of the National Assembly.
- “ Functions and powers outlined in rule 206
- “ Rule 208 encourages co-operation between SCOPA & other Portfolio Committees (PCs) when dealing with a matter that falls within the PCs competence.

# Legislative Framework.....

## **Powers and Privileges Act of 1963**

- “ Make provisions pertaining to the freedom of speech and debate before Parliament and in any Committee.

## **Public Finance Management Act of 1999**

- “ Regulates financial management in the public sector.

## **Public Service Act**

- “ Provides for the organization & administration of the public service and regulates the conditions of service for members of the public service.

# Powers & Functions of SCOPA

- “ Rule 206 confers the following powers & functions to SCOPA which require the committee to consider the following:
- I. The financial statements of all Executive Organs of State and constitutional institutions when they are submitted to Parliament;
  - II. Any audit reports issued on those statements;
  - III. Any reports issued by the Auditor-General on the affairs of any executive Organ of State, constitutional institution or other public body; and
  - IV. Any other financial statements or reports referred to the Committee in terms of these Rules.

# Powers & Functions of SCOPA.....

- “ Rule 206 confers the following powers & functions to SCOPA which require the committee to consider the following:
- . May report on any of those financial statements or reports to the House;
  - . May initiate any investigation in its area of competence; and
  - . Must perform any other function assigned by the resolution of the house;

## 2008/09 Audit Outcomes for National Public Entities ( AGSA General Report)

Type of Audit	2008/09	
	Number	Percentage
Disclaimer	4	2%
Adverse	0	0%
Qualified	15	9%
Financial unqualified with other matters	80	47%
Financial unqualified with no other matters	73	42%
<b>Total reported on</b>	<b>172</b>	<b>100%</b>
<b>Total not timeously finalized</b>	<b>5</b>	
<b>Total</b>	<b>177</b>	

# Key drivers to qualified audit opinions.

- “ 63% of the Public Entities had challenges related to accounting for Capita Assets
- “ 32% Public Entities were qualified due to their inability to manage receivables
- “ 47% Public Entities were qualified on payables and borrowings
- “ 42% of Public Entities were qualified on the poor presentation and disclosure of financial information
- “ 53% on inappropriate and insufficient audit evidence to verify the occurrence, completeness and accuracy of revenue disclosed in financial statements

# Other challenges faced by Public Entities

- “ Poor governance structures;
- “ Poor leadership on matters related to financial management;
- “ Ineffective Audit Committees;
- “ Lack of capacity in the internal audit units;
- “ Ineffective risk management processes as required by the PFMA & other corporate governance codes;
- “ Diminishing revenue sources due to increased focus on entities with core service delivery deliverables;
- “ Lack of immediate action to address corruption whenever it arises

# Ways to minimize qualified audits

- “ There must be exemplary leadership in Public Entities that takes financial management seriously
- “ Legislation on financial management must be implemented in the spirit within which it was created;
- “ Public Entities need to locate their role and fulfill it with the view to help SA prosper;
- “ There is a need to maximize the implementation of resolutions / recommendations made by National Treasury and the AG; and
- “ Governance structures in Public Entities must be improved as a matter of urgency
- “ Any acts of corruption or mismanagement must be dealt with immediately and with severity.

# ABASA`s Contribution in providing change

- “ Assist with capacity building programmes for ailing Public Entities, either through a Memorandum of Association or other means with the Entities;
- “ ABASA members using their expertise serving in Boards or Audit Committees of these Public Entities;

# Vision of SCOPA on Public Entities

- “ Robust and proactive oversight on all entities;
- “ Ensure greater co-operation with other organs of the state such as the SIU & National Treasury;
- “ Maximize oversight by ensuring Ministerial Accountability under which certain Entities fall
- “ Towards the developmental state by ensuring value for money in the utilization of public funds.
- “ Influence institutional, governance and financial reforms in Public Entities to ensure greater efficiency, e.g. Audit Committees.
- “ Improve financial management in the public sector by closely scrutinizing the relevance of the current financial administration systems.

# Vision of SCOPA on Public Entities

- “ Influence the process of developing legislation that will minimize corruption and conflict of interest in government.

# Conclusion

There is an increasing need for a different kind of an ABASA Member, we need one who acts as a change agent for service delivery and for the development of the country & I am hoping that ABASA members can fulfil this role.

**Thank You**