

## 2019-20 NATIONAL AND PROVINCIAL GOVERNMENT AUDIT CYCLE

### NATURE OF IDENTIFIED MATERIAL IRREGULARITIES (MIs)

75 MIs identified to date with an estimated financial loss of R6,9 billion



#### PROCUREMENT

Non-compliance in procurement processes resulting in overpriced good and services procured  
**27 MIs (14%) R983 million estimated loss**

Non-compliance in procurement processes resulting in the appointed supplier not delivering  
**2 MIs (32%) R2 221 million estimated loss**



#### EXPENDITURE MANAGEMENT

Payment for goods or services that were not received or were of poor quality  
**24 MIs (21%) R1 447 million estimated loss**

Invoices or claims not paid on time resulting in interest or penalties  
**11 MIs (2%) R151 million estimated loss**



#### REVENUE MANAGEMENT

Revenue not billed  
**2 MIs (10%) R666 million estimated loss**

Debt not recovered  
**2 MIs (16%) R1 096 million estimated loss**



#### RESOURCE MANAGEMENT

Inefficiencies – no benefit derived from cost  
**6 MIs (4%) R285 million estimated loss**

Assets not safeguarded resulting in loss  
**1 MI (<1%) R1,5 million estimated loss**

### CONCLUSION

We reprioritised some of our initiatives in an effort to balance the competing priorities in the current reporting period. This, coupled with the intention of implementing the MI process at all our auditees over the next two to three years will inform much of the work planned for the 2021-22 financial year.

We will also finalise agreements with identified public bodies to formalise the practical implications of the referral process.