



Our audit teams have done everything in their power, under tremendous pressure, to complete the audits under the guidance of our leadership.

CONDITIONS UNDER WHICH WE OPERATE

Our strategy is informed by the major aspects of our environment and their potential to affect the delivery of our mandate. These aspects were:

Covid-19 pandemic disruption

The pandemic continued to impact our operations significantly. Normal audit processes were affected by our auditees not being ready for audit, their poor ICT systems, our limited access to their premises and legislated delays.

Increasingly complex audit environment

Our take-over of SOE audits has grown rapidly, increasing the number of specialised and complex environments that we audit. Although the pace of this change has exerted pressure on our resources, it has led to intensive training and learning for our staff, while enhancing the value that we provide in strengthening oversight of these entities. The Transnet audit is the most recent addition to our audit portfolio following a two-year transition, and is on track to be signed off as part of our annual audits for the first time.

Implementing the MI process intensified our need for greater skills and capacity to perform high-quality audits. During this process we focused on identifying and reporting MIs that result, or are likely to result, in a financial loss, and on driving consequences for such irregularities as prescribed. We have expanded the MI definition to include any non-compliance with, or contravention of, legislation, fraud, theft or breach of fiduciary duty that resulted, or is likely to result, in a material financial loss. Our defined plan will phase in the full MI definition at more auditees over the next year.

The poor quality of the annual financial and performance reports submitted by many of our auditees has a negative impact on the time frame and quality of our audits because additional work is needed to respond to the risks posed by misstatements.