



Section One Higher Education Overview

Aim of Higher Education:

"Higher education equips individuals to make the best use of their talents and of the opportunities offered by society for self- fulfilment. It is thus a key allocator of life chances, an important vehicle for achieving equity in the distribution of opportunity and achievement among South African citizens."

 Kagisano Number 9, 2013, The Aims of Higher Education Available at:

 https://www.che.ac.za/file/6431/download?token=1HXDcpUT#:~:text=Higher%20education%20equips%20indivi

 duals%20to,achievement%20among%20South%20African%20citizens

"Education is the most powerful weapon which you can use to change the

world." Nelson Mandela

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Section One Higher Education Overview

Auditor General 2023 Financial Year conclusion on TVET Colleges:

"Overall, the outcomes of the colleges are not improving at the desired pace, the findings identified are recurring, indicating that action plans are not adequate in addressing the root causes. Some TVET's do not have adequate system that enable them to record, analyse and report financial and student information."

Auditor General 2023 Financial Year conclusion on Universities:

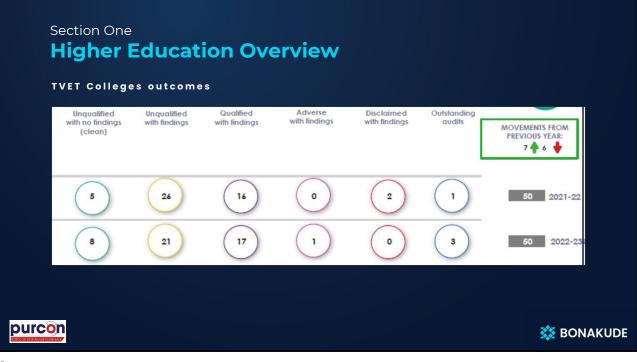
"Overall ,there is a regression in the universities' outcomes, we identified that most of the non-compliances raised for the Universities relate to the fact that the members of staff do not declare their conflicts of interests upfront, did not declare their possible conflict of interest when the University was procuring from the related suppliers, or some Universities do not have adequate processes in place for the staff to declare their conflicts, as required by the legislation. Furthermore, material amendments were made to the submitted financial statements , indicative of inadequate controls around the preparation of the financial statements."



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Section Two Key Challenges

The Auditor General conclusion spells areas of concern within the sector that are contributing to slow improvement of audit outcomes:

- Lack of skills within finance units.
- Poor record management.
- * Lack of planning for annual financial statements (AFS) preparation activities.
- Poor internal controls, policies and procedures.
- Vacant positions not filled timeously.
- Delayed implementation or non-implementation of audit action plans.
- Poor management of the audit process.

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Section Two Key Challenges

Common audit qualification areas:

- Property, plant and equipment.
- Payables from non exchange transactions.
- Expenditure.
- Discretionary Grants commitments.
- Revenue (NSFAS reconciliations).
- Payables from exchange transactions.
- Receivables.



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A good Internal Control Environment is foundational to Driving Operational Efficiency through Audit Turnaround.

The following key characteristics define a strong internal control environment:

- Ethical Leadership and Integrity.
- Clear Organizational Structure.
- Competent Personnel.
- Segregation of Duties.
- Formal Policies and Procedures.
- Effective Communication.
- Risk Management.
- * Monitoring and Auditing.
- Enforcement of Accountability.
- Adaptability.

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Section Three Turnaround Strategies

1. Annual Financial Statements Preparation Planning

The following activities should be considered:

- A Detailed Annual Financial Statements (AFS) Compilation Plan that discloses:
 - All AFS and general ledger balances and transactions reporting plans
 - Responsible officials
 - Deadlines for preparers and oversight bodies
- Develop audit action plans and align with the Annual Financial Statements Plan.
- Timely communication of the Annual Statements and Audit Plan to all relevant parties and stakeholders.
- Implement credible financial record systems for areas such as Assets Management and Revenue.



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2. Improve Records Management

The following activities should be considered:

- Develop a registry of Policies and Processes for the maintenance of records within all departments (this includes movement and recovery of records)
- Communication and enforcement of records management policies to all staff.
- Implement a records management system to improve records storage and accessibility (e.g., electronic or systematic manual process.)
- Assigning responsibilities to personnel who will be accountable for the records.

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Section Three Turnaround Strategies

3. Improve Internal Control Environment

The following must be in place:

- Develop polices and procedures for implementation through all business process
- Consistent review and update of policies to align with the latest regulations
- Train staff to ensure awareness of policies and controls
- Implement probity audits



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4. Ensure skills availability

The following activities should be considered:

- * Develop polices and procedures for the recruitment of key personnel in strategic positions.
- Outsource critical skills where they are not available inhouse.
- Foster a culture of skills transfer through inhouse training.
- Develop and implement succession plans.
- Timely filling of vacancies.



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Section Three Turnaround Strategies

5. Effective Management of the Audit Process

The following must be in place:

- Ensure Audit Steering Committees are established for the audit progress monitoring.
- All communication of information requests with auditors is centralized and controlled.
- Timely submission of requested information.
- Regular engagements with (internal and external) auditors to maintain a good working relationship.
- * Request technical guidance from auditors on high-risk areas.



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6. Oversight Bodies

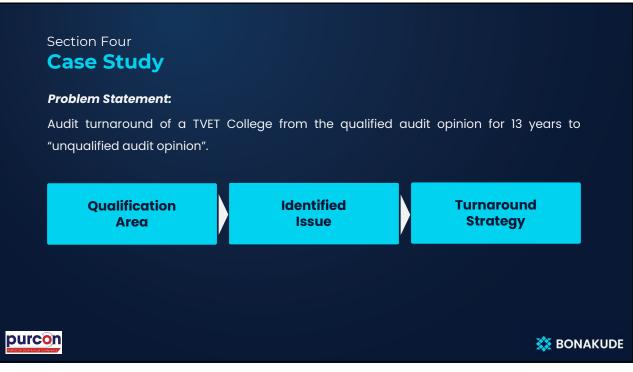
Institutions must establish oversight bodies:

- Audit Committees
- Internal Audit Units
- Project Steering Committees

Benefits of oversight bodies:

- Improved focus on organisation objectives
- Improved accountability at each level of operation
- Increased stakeholder management on all operations
- Increased evaluation and monitoring

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Qualification Area	Identified Issue	Turnaround Strategy
Non-Current Assets (PPE)	Unverified Assets Under Investigation not Supported	Developed an action plan. Performed a 100% verification Investigated all unverified Assets. Issued a report.

Qualification Area	Identified Issue	Turnaround Strategy
Current Assets (Inventory)	Insufficient audit evidence in support of Learners materials (general expenses)	Developed an action plan. Developed a procedure manual for recording of inventory adjustments. Collected and reviewed all the inventory documents supporting the materials issued.

Qualification Area	Identified Issue	Turnaround Strategy
Current Assets (Receivables from exchange transactions)	Students and non-student debtors not valued in accordance with GRAP 104	Reviewed the debt management policy and ensured compliance with GRA 104 Standards. Performed debtor analysis and categorised in accordance with their risk profile. Incorporated discounting (time value of money) into impairment calculation. Performed impairment calculation.

Section Four Case Study		
Qualification Area	Identified Issue	Turnaround Strategy
Current Assets (Receivables from exchange transactions)	Existence, Right, and valuation of sundry debtors	 Developed processes and procedures for communication and follow up of debtors. Collected supporting documentation and MOU's supporting the existence of debtors. Performed debtor's circularization. Obtained buy-in from stakeholders (council, Dept of Education, management) for approval of proposed processes and procedures. Introduced debtor collectors to improve collection of student debt. Calculated Impairment in accordance with the college policy.
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Qualification Area	Identified Issue	Turnaround Strategy
Current Liabilities (Payables from exchange transactions)	Insufficient evidence to support debtors with creditors balances	Performed reconciliation of debtors with credit balances Collected supporting documentation supporting the debtor's with credit balances.

Section Four **Case Study** Identified Issue **Qualification Area Turnaround Strategy** Prepared the reconciliation of all tuition related Information not provided to transactions and supporting support tuition and related fees Revenue documentation. (Tuition and related fees) Prepared the working paper files for AGSA audit purposes. purcon 🗱 BONAKUDE

Qualification Area	Identified Issue	Turnaround Strategy
Revenue (Tuition and related fees)	Information not provided to support Grants income.	Prepared the reconciliation of all grants transactions and supporting documentation Prepared the working paper files for AGSA audit purpose

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Qualification Area	Identified Issue	Turnaround Strategy
Annual Financial Statements	Financial statements not fully compliant with GRAP	Understand all applicable GRAP standards and CET Ac (including latest changes and amendments) and apply on respective balances, transactions and disclosures.
	Going concern (the ability to render education services in the future)	Performed going concern calculations for the current and potential future cash flows to substantiate.



Achievements:

- * Reduced number of material findings , hence improved to an unqualified opinion.
- * Employees fully capacitated in addressing reporting areas such as revenue, assets, expenditure.
- Filing system now aligned and easily traceable.
- Management and employees now motivated to work towards clean audit.
- * improving Internal Control environment was key to the audit turnaround for the college.



