

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT on the Financial Statements of the Pan South African Language Board for the year ended 31 March 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 39 to 48, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 40 (1)(c)(i) of the Public Finance Management Act, 1999 (Act No 1 of 1999)(PFMA).

These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in the accounting policies to the financial statements.

4. QUALIFICATION

4.1 Consolidation of financial statements

The Pan South African Language Board (PanSALB) has eleven National Lexicography Units (NLUs) under its control in terms of the PanSALB Act, 1995 (Act No. 59 of 1995).

In terms of the International Accounting Standard (IAS) 27 the financial statements of PanSALB and the NLUs needs to be consolidated. No consolidated financial statements were submitted for audit purposes.

4.2 Assets

According to section 38(1) (d) of the PFMA, the accounting authority is responsible for the managing and safeguarding of assets. The following weaknesses were identified:

- Assets descriptions were not correctly recorded in the asset register.

- Asset locations in the asset register were incomplete/inaccurate.
- Assets purchased during the year could not be traced from the invoice to the asset register and vice versa.
- Assets physically identified could not be located on the asset register.
- Residual values and the useful life of assets were not reviewed at least at each financial year-end in accordance with IAS 16.

5. AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 4, the financial statements present fairly, in all material respects, the financial position of PanSALB at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements, and in the manner required by PFMA.

6. EMPHASIS OF MATTER

Without further qualifying the audit opinion, attention is drawn to the following matters:

6.1 Segregation of duties

The control environment is compromised due to the lack of segregation of duties in the finance section at PanSALB.

6.2 Non compliance with laws and regulations

Due to a lack of a policy framework or monitoring controls, PanSALB did not fully comply with:

- Section 38(1) (a)(i) of the PFMA: Policies and procedures are not developed, updated or approved regularly;
- Treasury Regulation 31.1.2(j), bank reconciliations should be conducted at least, on a daily basis: PanSALB did perform bank reconciliations for the call and investment accounts.
- A chief financial officer had not been appointed for the year under review as required by Treasury Regulation 2.1.1.
- Contrary to Treasury Regulation 27.1.6, the Audit Committee Charter was in draft format and had last been reviewed in November 2002.

6.3 Supply chain management

Treasury Regulation 16A established within the office of the chief financial officer of the PanSALB. Additionally, a supply chain management implementation plan had not been developed.

6.4 Inadequate control over journals

Due to an inadequate control environment, journals processed were not numbered, supporting documentation was not attached to journals processed and correcting journals processed were not authorised by a senior official.

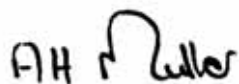
6.5 Validity of non-financial performance information could not be verified

In terms of section 20(2)(c) of the Public Audit Act, 2004 (Act No. 25 of 2004) the information relating to performance against predetermined objectives is subject to auditing by the Auditor-General.

PanSALB did not have a proper policy and procedure framework to manage the process of finalising their performance information for audit purposes.

7. APPRECIATION

The assistance rendered by the staff of the Pan South African Language Board during the audit is sincerely appreciated.



AH Muller
for Auditor-General

Pretoria

31 July 2006



A U D I T O R - G E N E R A L

PAN SOUTH AFRICAN LANGUAGE BOARD ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

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