

Annual Report

Report of the Auditor-General to Parliament on the Financial Statements and Performance Information of the National Skills Fund for the year ended 31 March 2007

Report on the Financial Statements

Introduction

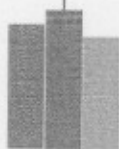
- 1 I have audited the accompanying financial statements of the National Skills Fund which comprise the separate statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 155 to 176

Responsibility of the Accounting Officer for the financial statements

- 2 The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting framework prescribed by National Treasury as stated in Note 1 of the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), Auditor-General Audit Circular 1 of 2005 and section 10(h)(i) of the Skills Developments Act, No 97 of 1998. This responsibility includes:
 - designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

- 3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
- 4 I conducted my audit in accordance with the International Standards on Auditing and *General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- 6 An audit also includes evaluating the:
 - appropriateness of accounting policies used



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Responsibility of the Auditor-General

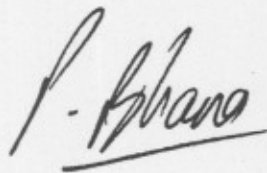
- 18 I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in *Government Gazette No. 29919 of 25 May 2007*.
- 19 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 20 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit conclusions reported below.

Audit findings

- 21 The National Skills Fund currently constitutes a sub-programme within the Department of Labour. My findings on performance information will be contained in the Department of Labour's audit report.

Appreciation

- 22 The assistance rendered by the staff of the National Skills Fund during the audit is sincerely appreciated.



P. Bhana for Auditor-General

Pretoria
31 July 2007



AUDITOR - GENERAL

