



## **AIM**

To seek approval from the Acting Principal to approve the procurement of a service provider that is going to assist the College Assets and Infrastructure Unit in the preparation of the Audit readiness process for the 2024 financial year.

## **BACKGROUND**

The College has had a stagnant audit opinion from the 2016 financial year and this because of the Inventory Module within the Asset Management Unit. The College has been found wanting on information requested by the Internal Audit advisory services and the Auditor General South Africa for a number of years regarding this Inventory to a point where in the 2018 financial year the College was technically unqualified.

## **DELIBERATIONS**

Over the years, the section has requested approvals from senior management to capacitate the section. The approvals were made in 2021 but effected in March 2023; this lack of Capacitation of the section has led to the College audit outcome being stagnant. The section also operates on a manual system where everything is recorded by hand and captured into excel spreadsheets, this has hindered all internal controls that are supposed to be implemented in an Asset and inventory environment which has subsequently resulted in the section not being able to substantiate balances presented in the AFS. Strides are in place to try to get the section into a systemized control environment.

The section would like to request the College to procure a service provider that will assist the section with the following components so that the section can improve in terms of the outcome of the next audit, which will be for the 2023 financial year.

### **Scope of works will be as follows:**

- Assist with prior year misstatements that were not corrected in the Prior years
- Dealing with prior year issues relating to AFS
- Ensuring that the AFS agree with the ledger and trial balance
  - Ensuring that the FAR balances with the ledger and the final
  - Preparing the PPE note for inclusion in the AFS
  - Proposing journals with supporting documents
  - Ensuring that the asset balances are accurate i.e. values and the depreciation calculation is correct.
  - Producing the auditable PPE file
  - Adjustment of the audited asset balances

#### **Administration Centre**

R61 Queenstown Road  
Cicira Village  
Mthatha, 5099  
Tel: 047 505 1000

#### **Mthatha Campus**

R61 Queenstown Road  
Cicira Village  
Mthatha, 5099  
Tel: 047 505 1000

#### **Libode Campus**

R61 Port St Johns  
Road Libode, 5160  
Tel: 047 555 7941

#### **Mngazi Campus**

R61 Paj Road  
Mgwenyana A/A  
Libode, 5160  
Tel: 047 555 7944

#### **Mapuzi Campus**

Coffey Bay Road  
Coffey Bay  
Mqanduli, 5060  
Tel: 047 575 9044

#### **Zimbane Campus**

Zimbane A/A  
Mthatha, 5099  
Tel: 047 050 4490

#### **Ntabozuko Campus**

C/O Madwaleni  
Gusi A/A  
Elliotdale, 5070  
Tel: 047 577 8904

#### **Ngcobo Campus**

Queenstown Road  
Idutywa Junction  
Ngcobo, 5050  
Tel: 047 548 0103

- Adjustment of the audited Inventory balances
- Assist the College with the Service in kind Calculation for land occupation for all its seven (7) campuses
- Assist the College with its annual inventory stocktaking exercise and also in conducting its annual asset verification exercise
- Assist in the Verification of all infrastructure projects both College funded projects and CIEG funded projects (Properly scrutinize infrastructure documentation relating to these projects)
- Generating and putting up of the assets/inventory listings across all college venue's
- A calculation accompanied by the supporting (Listing) schedule of issued stock must be in place for both the previous year and current year
- Assist the Assets and Infrastructure section in producing information relating to Quarterly Financial statements that will be produced by the College for the 2023 remaining Quarters
- Transfer of skills to the college officials
- Provide support in respect of any AGSA audit queries
- Assist in AFS adjustments
- Assist with clearing of prior year errors
- Overall cleanup of the asset register and inventory registers
- Assistance with responding to queries from the AG

It is of crucial importance that the Assets and Infrastructure Management section attains external expertise that will assist in obtaining a clean report; once that happens the section can perform all the audit readiness functions independently.

Management is also of the opinion that the college has learnt from previous experiences and is aware of the financial implications. The section has been hard at work preparing for the audit especially now that Capacitation has been effected; however, it takes one material misstatement to qualify the AFS in this case being Inventory for the past few years, hence the need for technical expertise to flag potential fail-safes.

The service provider will be procured from the time all supply chain process have been effected to assist with the remaining two Quarters which for the 2023 financial period under audit up to the end of the audit, which will be end of June 2024



## **FINANCIAL IMPLICATIONS**

Staff level	Quantity	Rates Estimates	Hours (Each)	Total cost
Partner/Director/Senior Manager	1		72	
Manager	1		60	
Assistant Managers	1		680	
3 <sup>rd</sup> Year Clerk equivalent (in terms of SAICA assessment criteria)	4		720	
<b>Sub Total</b>				
<b>VAT</b>				
<b>Total cost</b>				