

# Internal Audit Presentation to the Portfolio Committee of Tourism

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**broadening horizons**



**tourism**

Department:  
Tourism  
REPUBLIC OF SOUTH AFRICA



# Outline of the Presentation

- Mandate and Responsibility of Internal Audit in terms of the PFMA;
- Applicable Treasury Regulations;
- Summary of the National Treasury Internal Audit Framework;
- Overall Key AGSA audit findings and progress;
- Summary of AGSA audit findings;
- Detailed progress on audit findings;
- Reasons for failure in identifying Internal Audit issues before becoming AGSA findings;
- Recommendations and Next Steps;
- Conclusion; and
- Questions and Answers



# Mandate and Responsibility of Internal Audit in Terms of the PFMA

- Legislative Foundation:
  - Section 38 (1) (a) (ii) of the PFMA states that the Accounting Officer of the Department must ensure that the Department has and maintains a system of internal audit under the control and direction of an audit committee.
- Purpose of Internal Auditing:
  - To provide independent, objective assurance and consulting services designed to add value and improve the operations of the department;
  - To evaluate the effectiveness of risk management, control and governance processes; and
  - To facilitate and execute investigations of suspected fraudulent / irregular activities within the Department.
- Responsibility scope:
  - Assess compliance with relevant legislation and policies;
  - Review the efficiency and effectiveness of operations;
  - Ensure reliability and integrity of financial and operational information; and
  - Safeguarding of assets.



# Applicable Treasury Regulations

- Regulation 3.2.4:
  - The Internal Audit function must prepare a risk-based three-year rolling internal audit plan and an annual plan for approval by the Audit Committee.
- Regulation 3.2.5:
  - Internal Audit activities must align with the risk management strategy of the department and ensure risks are adequately identified, assessed and managed.
- Regulation 3.2.6:
  - Quarterly reports must be submitted to the Audit Committee to highlight progress and any significant internal control weaknesses.



# Summary of the National Treasury Internal Audit Framework

- Objective:
  - To guide departments in establishing and managing an effective internal audit function.
- Key Principles:
  - Independence: The internal audit function must report functionally to the Audit Committee.
  - Risk Focus: Internal Audit activities must be prioritised based on a risk assessment.
  - Adequate Resources: Internal audit units must be adequately staffed with skilled personnel.



# Overall Key Findings and Progress

- Objectives:
  - Track implementation progress against the agreed action plan.
  - Assess the adequacy and timeliness of management actions.
  - Provide recommendations for unresolved issues.
- Progress Made:
  - Adequate steps taken for most identified risks.
  - Timely implementation of agreed actions.
- Areas for Improvement:
  - A few issues remain unresolved.
  - Recommendation provided for further strengthening controls.



# Summary of Findings – Resolution Status

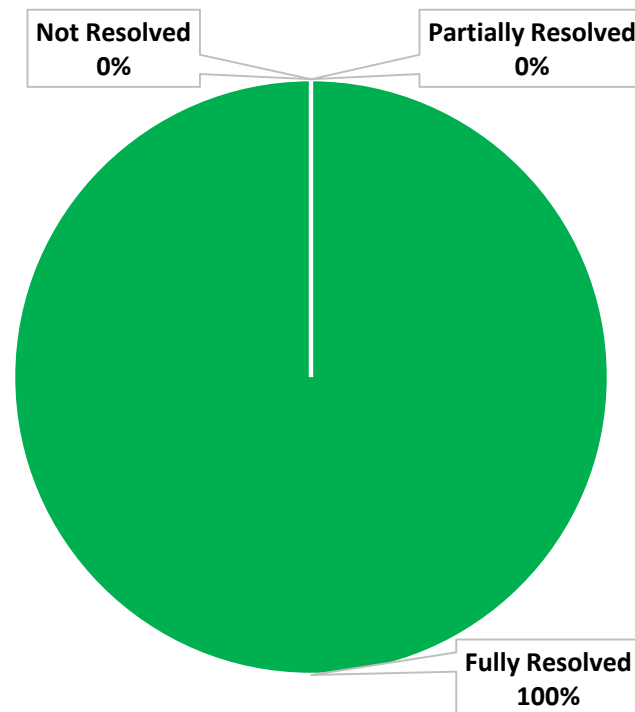
- Summary of Resolution Status:

Status	Number of Findings	Percentage
Fully Resolved	25	100%
Partially Resolved	0	0%
Not Resolved	0	0%



# Summary of Findings

- Visual Representation:





# Detailed Progress on Findings



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments Audits'
1. Expired COIDA Certificate	<p>Amend tender criteria; conduct online verification; and notify Compensation Commissioner.</p> <p>Due: 31 July 2024 Responsible Person: CD – Working for Tourism</p>	<p>A letter dated 04 August 2024 was identified as a mitigating control. In this letter, DBSA was required to provide an update on the progress of the action plans and to confirm adherence to SCM processes.</p>
2. Incorrect Allocation of Preference Points	<p>Engage DTIC; and conduct independent reviews.</p> <p>Due: 30 September 2024 and 31 March 2024 Responsible Person: CD – Working for Tourism</p>	<p>A letter dated 20 February 2025, noting that DBSA was required to provide evidence of correspondence with the DTIC on the matter. Additionally, DBSA was instructed to formalize the process, ensuring that all correspondence is documented in writing and submitted to the Department.</p>
3. CIDB Registration Delays	<p>Weekly updates to include CIDB requirements.</p> <p>Due: 31 March 2025 Responsible Person: CD – Working for Tourism</p>	<p>CIDB requirements included in the RFP checklist.</p>

# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
4. Late Procurement Plan Submission	<p>Develop schedule and submit reports to CFO monthly and NT quarterly.</p> <p>Due: 31 July 2024 Responsible Person: D – Supply Chain Management</p>	Reports submitted for Q1-Q3 as scheduled.	
5. Incorrect Points in Quotations Process	<p>Delete old schedule; test new schedule; implement next-level review.</p> <p>Due: 31 July 2024 Responsible Person: D – Supply Chain Management</p>	Errors identified and addressed in testing.	
6. Evaluation Control Deficiency	<p>Develop compliance checklist; and conduct quality checks.</p> <p>Due: 31 July 2024 Responsible Person: D – Supply Chain Management</p>	Compliance checklist for bid committees had been revised as supporting evidence for implementing the recommendation.	



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
7. Lack of Independent Review	Multi-level review and sub-directorate meetings.  Due: 31 March 2025 Responsible Person: D – Human Resource Management	Reviews conducted; and meeting minutes available.	
8. Personnel Suitability Checks	Improve controls; and revise procedure manual.  Due: 31 March 2025 Responsible Person: D – Supply Chain Management	Procedure manual updated.	
9. Irregular Expenditure Disclosure	Correct AFS; and revise technical specifications.  Due: 31 March 2025 Responsible Person: D – Financial Management	Corrections made in 2023/24 AFS.	



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
10. Incorrect Disclosure of Key Management Personnel	<p>Correct 2023/24 AFS; and provide monthly acting lists.</p> <p>Due: 31 March 2025 Responsible Person: D – Financial Management</p>	Corrections and submissions made as scheduled.	
11. EPWP Project Delays	<p>Enhance monitoring, planning and stakeholder engagement.</p> <p>Due: 31 December 2024 Responsible Person: CD – Working for Tourism</p>	A letter dated 17 March 2025 was reviewed, highlighting that the DBSA was requested to submit an update on the progress of the remedial actions, along with the necessary supporting documentation.	
12. Contract Variation Without Approval	<p>Improve compliance enforcement.</p> <p>Due: 31 December 2024 Responsible Person: CD – Working for Tourism</p>	A letter dated 17 March 2025 was examined, which indicated that the DBSA was requested to provide an update on the status of remedial actions taken, along with the corresponding supporting evidence.	



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Audits' Observations/Comments
13. Poor performance by a Professional Service Provider (PSP)	<p>Improve SCM processes; investigate motivations for awarding contracts; take corrective actions; and institute disciplinary action against the PSP.</p> <p>Due: 31 March 2025 Responsible Person: CD – Working for Tourism</p>	Letters dated 2 August 2024 and 17 March 2025 were reviewed, noting that the DBSA was requested to submit updates on the progress of remedial actions taken, along with the relevant supporting documentation.
14. Construction of Nkambeni Community Center Projects	<p>Verify land ownership; and recover lost money.</p> <p>Due: 31 March 2025 Responsible Person: CD – Working for Tourism</p>	Letters dated 2 August 2024, 21 February 2025 and 17 March 2025 were reviewed, highlighting that the DBSA was requested to provide update on the implementation of remedial actions along with the necessary supporting documentation.
15. Refurbishment of the Oaks (Sepeke Cultural Village) [RFP 160/2022]	<p>Improve planning and coordination for municipal services.</p> <p>Due: 31 March 2025 Responsible Person: CD – Working for Tourism</p>	Letters dated 26 February 2025 and 17 March 2025 were reviewed, noting that the DBSA provided an update specifically concerning the electrical and water reticulation aspects of the project.

# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
16. Construction of Mthonsi Tourism Facility	<p>Improve project management processes; and ensure stakeholder facilitation and land ownership confirmation</p> <p>Due: 31 March 2025 Responsible Person: CD – Working for Tourism</p>	Letters dated 2 August 2024, 21 February 2025 and 17 March 2025 were reviewed, indicating that the DBSA was requested to submit updates on the progress of remedial actions along with the relevant supporting documentation	
17. Isibhubhu Project (KZN) – Avoidable Extension of Time	<p>Put measures in place to ensure that projects are adequately planned and relevant studies are conducted in the planning stage of the project.</p> <p>Due: 31 March 2025 Responsible Person: CD – Working for Tourism</p>	A letter dated 17 March 2025 was reviewed, which noted that the DBSA was requested to provide an update on the status of remedial actions implemented, along with the necessary supporting documentation.	
18. Construction of Muzi Pan – Non-compliance with SANS 10400S	<p>Remedy defects before practical completion</p> <p>Due: 31 March 2025 Responsible Person: CD – Working on Tourism</p>	Reconstructed disabled ramps aligned with SANS 10400 requirements; and effectiveness untested.	



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
19. Movable Tangible Capital Assets – Checklist & Asset Management System	<p>Develop checklist; and procure electronic asset management system. Investigate assets disposed without approval</p> <p>Due: 31 December 2024</p> <p>Responsible Person: D – Supply Chain Management</p>	<p>The checklist designed to guide officials in capturing and authoring assets was developed; the procurement process for an electronic asset management system began on 7 March 2025, following consultations with National Treasury, but was suspended due to budgetary limitations; and Fumi &amp; Mixo Consulting was appointed to investigate the asset disposal processes.</p>	





# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
20. Movable Tangible Capital Assets – Asset Verification & Population Review.	<p>Conduct asset verification process; and revisit entire population for deficiencies.</p> <p>Due: 31 December 2024</p> <p>Responsible Person: D – Supply Chain Management</p>	A checklist to assist officials with capturing and authorising assets was developed; efforts to procure an electronic asset management system were initiated on 7 March 2025 in consultation with National Treasury, but the process was discontinued due to budget constraints; and Peza Consulting was appointed to carry out asset verification.	
21. EPWP Projects Management: Signed Inventory	<p>Finalise closeout reports; and review asset handover lists.</p> <p>Due: 31 December 2024</p> <p>Responsible Person: CD – Working for Tourism</p>	Letters dated 11 October 2024 and 7 March 2025 were reviewed, noting that TIKZN was required to address areas of non-compliance as well as issues impacting the Bhanga Nek project closeout report.	



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
22. IT Vulnerability Assessments	Procure SOC services; and seek approval for deviation.  Due: 31 December 2024 Responsible Person: D – Government Information & Technology Management	Vulnerability assessment conducted; and effectiveness untested.	
23. Lack of Audit Trails on E-Directory	Acquire log management tool; and configure system for comprehensive logs  Due: 31 March 2025 Responsible Person: D – Government Information & Technology Management	Log tool acquired; and system effectiveness untested.	
24. ICT Strategic Plan	Expedite approval; and align with government planning.  Due: 31 March 2025 Responsible Person: D – Government Information & Technology Management	Strategy approved by Acting DG on 30 April 2024.	



# Fully Resolved Findings:

Finding Title	Management Comments, Action Plans & Date (Progress Reported)	Internal Observations/Comments	Audits'
25. Lack of Approved Business Impact Analysis (BIA)	<p>Appoint service provider for BIA; and align DRP with updated BIA.</p> <p>Due: 28 February 2025 Responsible Person: D – Government Information &amp; Technology Management</p>	BIA conducted; and exercise in progress.	



# Reasons for Failure in Identifying Internal Audit Issues Before Becoming AGSA Findings

- Different Focus Areas and Scope, i.e. Internal Audit and AGSA often concentrate on varying priority areas, which may result in gaps;
- Reliance on Internal Audit Work by AGSA, i.e. AGSA may not sample files which were previously reviewed by Internal Audit which may lead to different outcomes;
- Some internal audit findings are elevated to the Management Report due to lack of implementation or follow-through of recommendations/action plans;
- Inadequate risk assessments – emerging risks or changes in the risk environment are not properly identified and captured in the risk registers; and
- Inability to audit some processes performed at implementing agents on behalf of the Department as there are inherent limitations regarding the provision of assistance to prevent and detect certain implementation issues that take place at the entity, e.g. procurement.



# Recommendations and Next Steps

- Maintain accountability to prevent recurrence of issues.
- Continue monitoring to sustain compliance and enhance processes.
- Reinforce training and awareness initiatives for ongoing improvement.
- Internal Audit will continue to test for the effectiveness of the actions implemented which are now part of the control systems in the current financial year (2025/26).



# Conclusion

- Progress Overview:
  - All audit findings have been successfully resolved.
  - Focus remains on sustaining improvements and ensuring robust systems
- Acknowledgement: Appreciation to staff for collaboration and dedication.
- Summary: Significant progress has been made but continued vigilance is required.



# Question & Answers

