



AUDITOR-GENERAL
SOUTH AFRICA



FINAL MANAGEMENT REPORT

Department of Police Oversight
and Community Safety

2024-25

Date: 22 July 2025

CONTENTS

INTRODUCTION	3
Section 1: Audit outcomes and material irregularities	4
Overall audit outcomes	4
Controlled entities	5
Section 2: Significant matters	6
Financial statements	6
Financial management and performance	6
Performance planning, management and reporting	8
Planned targets not achieved	10
Other information in annual report	10
Human resource management	10
Transfer of funds management	11
Information security management	12
Procurement and contract management	12
Irregular expenditure	13
Consequence management	13
Fraud risk	14
Section 3: Control environment	14
Accountability ecosystem	16
Section 4: Overall recommendations	19
Conclusion	21
Annexure A: Financial assessment	22
Annexure B: Procurement and contract management	24
Annexure C: Assessment of internal control	26
Annexure D: Summary of detailed audit findings	28
Annexure E: Upcoming changes	30

INTRODUCTION

1. The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 31 March 2025, as well as the insights and significant matters that require the attention of the accounting officer. The report should be read with the engagement letter, which sets out our responsibilities as well as the standards and processes we apply in performing our audits.
2. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report has been signed.
3. We communicated our audit findings and recommendations for improvement to management and obtained their responses throughout the audit. This report is a comprehensive summary of what we shared with management. In **annexure D**, we provide a summary of detailed findings communicated to management.
4. The management report is structured as follows:
 - In **section 1** we share the overall audit outcomes.
 - In **section 2** we provide the most significant matters from the audit and their impact, which we detail further in the annexures. Where appropriate, we also include the following:
 - Significant deficiencies in internal control that caused the findings we report. Significant deficiencies occur when internal controls do not exist; are not appropriately designed or implemented; or are not operating as intended to prevent – or to promptly detect and correct – material misstatements, non-compliance or non-performance. In **annexure C** we expand on the state of internal control.
 - Key recommendations and the responses received from management on implementing the recommendations.
 - In **section 3** we include observations on the overall internal control environment and the role of the accountability ecosystem. Key recommendations and responses from management are also included.
 - In **section 4** we provide our view of the root causes of deficiencies in the overall internal control environment and provide recommendations for the [party responsible] to address the root causes.
 - We end the report with a **conclusion**.
5. We trust the insights and recommendations in this report will be of value in your pursuit towards building and leading a department that is accountable and transparent, has institutional integrity, and performs at a level that has a positive impact on the lives of South Africans.

SECTION 1: AUDIT OUTCOMES AND MATERIAL IRREGULARITIES

OVERALL AUDIT OUTCOMES

6. The overall audit outcome of the department is unqualified without findings (a clean audit). This is the same as the previous year's audit outcome.

Audit results per outcome area

Outcome area	Movement	2024-25	2023-24	2022-23
Financial statements	➡			
Annual performance report	➡			
Compliance with legislation				
• Annual financial statements, performance report and annual reports	➡			
• Asset management	➡			
• Consequence management	➡			
• Expenditure management	➡			
• Procurement and contract management	➡			
• Strategic planning and performance management	➡			
• Transfer of funds	➡			
• Utilisation of conditional grants	➡			

Unqualified / No material findings	Qualified	Adverse/Pervasive material findings	Disclaimed/Pervasive material limitation	Material findings	Not audited
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⬆	Improvement	➡	Maintained	⬇	Regression	➡	Unchanged
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7. It is commendable that the department has consistently maintained an unqualified opinion on its financial statements over the past years, reflecting strong financial management and adherence to reporting standards. Equally noteworthy is the absence of material findings on the annual performance report and compliance with legislation, which demonstrates a sustained commitment to transparency, accountability, and good governance practices. This track record not only reinforces stakeholder confidence but also positions the department as a model of regulatory compliance and performance integrity.
8. We provide further insight into the audit outcomes, the root causes of weaknesses and our recommendations in the rest of this report.

9. **Annexure E** lists matters that will affect future financial statements, annual performance reports and compliance with legislation.

CONTROLLED ENTITIES

10. The overall audit outcomes of the entity controlled by the department and the audit results per outcome area follow.

Entities: Audit outcomes and audit results per outcome area

Outcome area		Movement	2024-25	2023-24	2022-23
Western Cape Liquor Authority					
Financial statements					
Annual performance report					
Compliance with legislation					

	Unqualified / No material findings		Qualified		Adverse/Pervasive material findings		Disclaimed/Pervasive material limitation		Material findings		Not audited
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	Improvement		Maintained		Regression		Unchanged
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11. The above is the anticipated audit outcomes of the entities within the department's portfolio. It should be noted that these would only be confirmed with the finalisation of the audit report to be signed by 31 July 2025.

SECTION 2: SIGNIFICANT MATTERS

FINANCIAL STATEMENTS

Audit results

12. The financial statements were submitted to us for auditing on 31 May 2025.
13. We did not identify material misstatements in the financial statements submitted for auditing.

Internal control and recommendations

14. We did not identify significant internal control deficiencies in financial recordkeeping and the financial statement preparation and related business processes. Where we identified possible improvements, we reported these to management.

Information to be included in auditor's report

15. We may communicate matters relating to the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the financial statements to know about. The following matter will be included as 'other matters' in the auditor's report:
 - Unaudited supplementary schedules
16. The supplementary information set out on pages 56 to 67 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.

FINANCIAL MANAGEMENT AND PERFORMANCE

Going concern

17. Our audit included an evaluation of the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and whether any material uncertainties exist about the department's ability to continue as a going concern.
18. We did not identify any events or conditions that cast significant doubt on the department's ability to continue as a going concern.

Budget management

19. We tested compliance with the legislative requirements for budget management and performed tests to identify budget overspending or budgets not spent for their intended purpose. We did not identify findings to highlight in this area of financial management.

Financial assessment and compliance

20. Our audit included a high-level assessment of the financial position and key financial ratios of the department based on its financial results to assess its going concern (as detailed earlier), and also to highlight those issues that may require corrective action to maintain financial stability. The financial ratios used for assessment include those that the users of the financial statements would typically apply to

assess financial performance. The assessment is intended to complement, rather than substitute, the department's own financial assessment.

21. The detailed assessment is included in **annexure A**. We used the amounts and information in the financial statements to perform the assessment.
22. We concluded based on the assessment that the financial health of the department is good, which is the same as the previous year.
23. Next, we summarise the key matters identified through the assessment that require attention to maintain the good financial health.

Financial assessment – key matters

Expenditure Management
The creditor's payment period decreased from the prior year 16 days to 5 days which displays the department's ability to pay creditors within the norm of 30 days.
Asset and liability management
An accrual-adjusted net current liability position was realised. The current liabilities consist mainly of payments to be made for employee benefits, finance lease commitments and funds to be surrendered to the revenue fund. There is no concern regarding management's ability to pay the current liabilities as the department has no cash shortfall, sufficient financial net assets, and a positive bank balance. The department is encouraged to continue implementing measures via the in-year monitoring reports to ensure sustainable service delivery and financial health.
Cash management
A net cash shortfall was identified due to the current liabilities exceeding cash available at year end. There are no concerns that the department cannot cover cash required to run its operating activities as the department obtains funding from the government to sustain and meet its service delivery obligations in its normal course of business.

24. We did not identify non-compliance with legislation and other requirements applicable to the department on financial management.

Losses

25. It is crucial for the department to implement the necessary disciplines to ensure that value is derived from money spent and that assets and resources are safeguarded. We did not identify findings to highlight in this area of financial management.

Disclosures on losses

Nature	Description	Rand value		
		2024-25	2023-24	2022-23
Fruitless and wasteful expenditure	Payment made for flight missed by an official	R3 132	R5 251	R5 676
Other material losses written off	Damaged vehicles, third party claims and 10% vehicle claims	R213 000	R110 000	R35 000

26. The fruitless and wasteful expenditure incurred was disclosed in the financial statements and annual report as required.

Grant management

27. The department received grants totalling R2 778 000 to fund its programmes and projects in the current year. We audited compliance with the Division of Revenue Act and the use of the Expanded Public Works Programme – Social Sector Grant.
28. We did not identify findings to highlight in this area of financial management.

Internal control and recommendations

29. We did not identify significant internal control deficiencies in the financial management processes.
30. In the prior year, recommendations were made to senior management to enhance expenditure management through implementing measures to ensure payments are made within legislated timeframes and strengthening controls over the EPWP stipend payments. The department has made significant improvements in addressing these internal control deficiencies as no additional instances of non-compliance were identified during the current audit. The department is encouraged to continue implementing actions to further strengthen financial management.

PERFORMANCE PLANNING, MANAGEMENT AND REPORTING

Overall performance planning and management

31. We tested whether the department's performance planning and management processes, strategic plan and annual performance plan (APP) complied with the key requirements from legislation and the revised framework for strategic and annual performance plans.
32. We did not identify findings.

Audit of annual performance report

33. The annual performance plan and report were submitted to us for auditing on 05 February 2025 and 31 May 2025, respectively.
34. As detailed in the engagement letter, we undertook a findings engagement on specific indicators selected for auditing. We will report only the material findings in the auditor's report.
35. We selected the following indicators for auditing:
- Indicator 2.1.1: Number of Ministers and Members of Executive Council Meeting (MINMEC) reports compiled
 - Indicator 2.2.1: Report compiled on the Policing Needs and Priorities (PNP) of the province
 - Indicator 2.2.2: Number of reports compiled on the data submitted in terms of Sections 19 and 21 of the Western Cape Community Safety Act (2013)
 - Indicator 2.2.3: Analysis conducted on safety and violence trends
 - Indicator 2.3.1: Number of assessments on the implementation of the Independent Police Investigative Directorate (IPIID) recommendations

- Indicator 2.3.2: Number of assessments on the compliance and implementation of the Domestic Violence Act (1998)
 - Indicator 2.3.3: Number of police stations assessed
 - Indicator 2.3.4: Number of post-monitoring assessments conducted on police inefficiencies and systemic failures as identified through the Court Watching Brief programme
 - Indicator 2.4.1: Number of social crime prevention programmes implemented per year
 - Indicator 2.5.1: Number of reports compiled on the functionality of Community Safety Forums (CSFs)
 - Indicator 2.5.2: Number of reports compiled on the functionality of Community Police Forums (CPFs)
 - Indicator 2.5.3: Number of Neighbourhood Watch (NHW) structures approved for accreditation
 - Indicator 2.5.4: Publication of an annual list of accredited Neighbourhood Watch (NHW) structures
36. The above indicators measure the performance on the core functions of the department and service delivery to the citizens of South Africa
37. We evaluated the reported performance information for the selected indicators against the criteria developed from the performance management and reporting framework. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users of the report on the department's planning and delivery on its mandate and objectives.
38. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently and are verifiable, so that we can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what were committed to in the approved initial or revised planning documents
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

Audit results

39. We did not identify findings on the completeness of the indicators used for planning and reporting on performance.
40. We did not identify material misstatements in the reported performance information in the annual performance report submitted for auditing.

Internal control and recommendations

41. We did not identify significant internal control deficiencies in the performance planning, management and reporting processes.

PLANNED TARGETS NOT ACHIEVED

42. As disclosed in the annual performance report, not all the planned targets were achieved for the indicators we selected for auditing.
43. We will draw the attention of oversight to the non-achievement of key indicators by including the table that follows in the 'other matters' section in the auditor's report, with reference to the pages in the annual performance report where the reasons for the non-achievement are included.

Targets for key indicators not achieved

Targets achieved: 92%		
Budget spent: 97%		
Key indicators not achieved	Planned target	Reported achievement
Indicator 2.3.4: Number of post-monitoring assessments conducted on police inefficiencies and systemic failures as identified through the Court Watching Brief programme	4	3

44. The under-achievement of the planned target had no direct correlation to the use of the budgeted expenditure. The reason for under-achievement was due to the department's inability to compile the assessment report for quarter 1, as a result of the late submission of critical input information by SAPS.

OTHER INFORMATION IN ANNUAL REPORT

45. We did not audit the information in the annual report except for the financial statements and the indicators in the annual performance report selected for auditing.
46. However, the auditing standards require us to read the unaudited information and consider whether it is materially inconsistent with the information we audited or the knowledge we obtained during the audit or otherwise appears to be materially misstated.
47. The full and final annual report were not received in time for us to perform this procedure. We will report this in the auditor's report and indicate that any material misstatements identified when we receive it that are not corrected might result in us retracting the auditor's report and reissuing an amended report.

HUMAN RESOURCE MANAGEMENT

48. We audited compliance with legislation on human resource management and assessed the processes in place to ensure adequate and sufficiently skilled resources are in place. Our audit included, evaluating adherence to the Directive on Human Resources Management and Development for Public Service Professionalisation Volume 1, focusing on minimum NQF qualification requirements, relevant managerial experience, completion of the SMS pre-entry Nyukela programme, behavioural psychometric assessments, inclusion of technical experts on selection committees, comprehensive personnel suitability checks, appropriate documentation for deviations, five-yearly skills audits, mandatory induction and re-

orientation programmes, regulated temporary appointments, and utilisation of the 1% wage bill allocated for training.

49. We did not identify findings.

TRANSFER OF FUNDS MANAGEMENT

50. As detailed in the engagement letter and audit strategy, transfer of funds is a compliance theme selected in accordance with the AGSA's findings engagement methodology. Our audit included the testing of requirements in key legislation such as section 38(1)(j) of the PFMA and Treasury regulation 8.4.1 which requires the department to maintain appropriate measures to ensure grants and other transfer payments are applied for their intended purposes.

51. We identified internal control deficiencies in this compliance area.

Findings on Transfer of funds

Internal control deficiency	Material non-compliance	Prior years reported	
		2023-24	2022-23
The Community Police Relations Directorate failed to implement timely appropriate monitoring mechanisms to ensure that transfers and subsidies were utilised as intended as there is an over-reliance on trust without the requisite verification, and a lack of structured follow-up processes to ensure compliance for all beneficiaries funding.	No	None	None

52. **Impact:** Although the internal control deficiency did not result in non-compliance for the current year audit, this could result in material non-compliance in future audits if corrective action is not implemented.

53. We made recommendations to improve the control deficiencies identified.

Key recommendations and responses – Transfer of funds

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: The Community Police Relations Directorate should consider enhancing their control environment to ensure that monitoring measures are instituted, which covers all beneficiaries of funding. As part of this, it is recommended that the Community Police Relations Directorate: - Introduce a requirement that all beneficiaries submit detailed reports and supporting evidence of fund utilisation within six months of receiving the funds. This should be aligned with the objectives and financial plans submitted as part of the original funding request (e.g., business plans). - Establish and maintain a centralised database or register to track all transfer payments, submission of post-funding reports, and supporting documentation. - Perform regular follow-ups using this register to identify and escalate cases of non-compliance. Integrate this register into the department's decision-making process when evaluating new funding requests, to ensure that prior compliance is considered before the disbursement of new funding.	2024-25	Not started

Recommendation and management response	Year originally recommended	Status of implementation
Response: The department will consider the recommendations made by the AGSA to strengthen its controls already in place. In this regard, the department commits to: • Include in a requirement in the TPA that all beneficiaries must submit a status update to their respective fieldworkers, on the utilisation of the NHW funding, accompanied by supporting documentation, three (3) to six (6) months of disbursement. The specific time frame point will be discussed with the Directorate CPR's management team considering staff capacity and the Directorate's responsibility to support multiple safety partners. • Further to this, if funding is not completely spent, each funded entity will be required to submit to their respective fieldworkers, a closing report with supporting evidence of fund utilisation within six months of receiving the funds. • The respective fieldworkers will send the funded NHWs their individual business plans and remind these NHWs that the funding should be spent on the intended purpose.		

54. Implementing of the controls will not only ensure compliance with Treasury Regulation 8.4.1 but will also promote accountability, improve financial oversight, and enhance the overall effectiveness of the department's transfer payment programme.

INFORMATION SECURITY MANAGEMENT

55. Our audit included an assessment of the effectiveness of information technology (IT) security controls that should prevent unauthorised access to key information systems and safeguard the department against business interruptions.
56. We did not identify significant deficiencies in the IT security controls. Where we identified possible improvements, we reported these to management.

PROCUREMENT AND CONTRACT MANAGEMENT

57. Section 217(1) of the Constitution envisages supply chain management systems that are fair, equitable, transparent, competitive and cost effective to achieve optimal value for public money spent and ensure equitable opportunities for suppliers to participate in government business. Meticulous contract management and rigorous payment control mechanisms should be in place to ensure that payments are made only upon the supplier's timely delivery, agreed-upon pricing is adhered to and specified quality standards are complied with.
58. We continued to focus on procurement and contract management processes, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.
59. Next, we summarise the areas in procurement and contract management processes where we identified findings – these are the areas at greatest risk of fraud and financial loss. Details on the findings are included in **annexure B**.

Findings on procurement and contract management

Area	Findings		
	2024-25	2023-24	2022-23
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			
Non-compliance: quotation process			
Contract management			

	Material non-compliance with legislation		Findings		No findings
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60. **Impact:** These issues identified relating to quotation, undermine the principles of fairness, transparency, and competitiveness. They compromise the achievement of preferential procurement objectives and expose the department to significant risks, including irregular expenditure, supplier disputes and poor value for money.
61. It should be noted that the findings identified in the quotations process in the current year and the prior two years relate to manual quotations, thus the department is encouraged to strengthen and enhance controls to ensure issues identified are resolved, mitigating potential material non-compliance in the future periods.

IRREGULAR EXPENDITURE

62. Non-compliance with legislation resulted in irregular expenditure of R1 555 000. The irregular expenditure incurred constitutes non-compliance with the PFMA, treasury regulations, SITA Act, Preference Procurement Regulations (2022), SCM Instruction Note 2 of 2021/22, SCM Instruction Note 3 of 2021/22 as well as the National Treasury Instruction 4A of 2016/17.
63. The irregular expenditure incurred was disclosed in the financial statements.

CONSEQUENCE MANAGEMENT

64. Legislation stipulates that matters such as incurring unauthorised, irregular, and fruitless and wasteful expenditure; the possible abuse of the supply chain management system (including fraud and improper conduct); and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of these investigations. Our audit included an assessment of the department's management of consequences.
65. In the table that follows, we provide analysis of how long incidents of unauthorised, fruitless, and wasteful expenditure reported in previous year (s) take to clear, e.g. transfer to receivables for recovery, condonation, removal, etc...

Status of incidents of prior year[s] unauthorised, fruitless, and wasteful expenditure (UIFWE)

Type	Incidents reported	Incidents cleared	Incidents not cleared	Average time to clear incidents	Average age of incidents not yet cleared	Reason
Irregular expenditure	2	2	0	4 months	Not applicable	The incidents were cleared within a reasonable time
Fruitless and wasteful expenditure	None	None	None	Not applicable	Not applicable	Not applicable
Unauthorised expenditure	None	None	None	Not applicable	Not applicable	Not applicable

66. We did not identify findings.

67. We did not identify significant internal control deficiencies in the consequence management processes.

FRAUD RISK

68. Our auditing standards define fraud as an intentional act by one or more individuals who are employees, management, those charged with governance or third parties, and that involves the use of deception to obtain an unjust or illegal advantage.

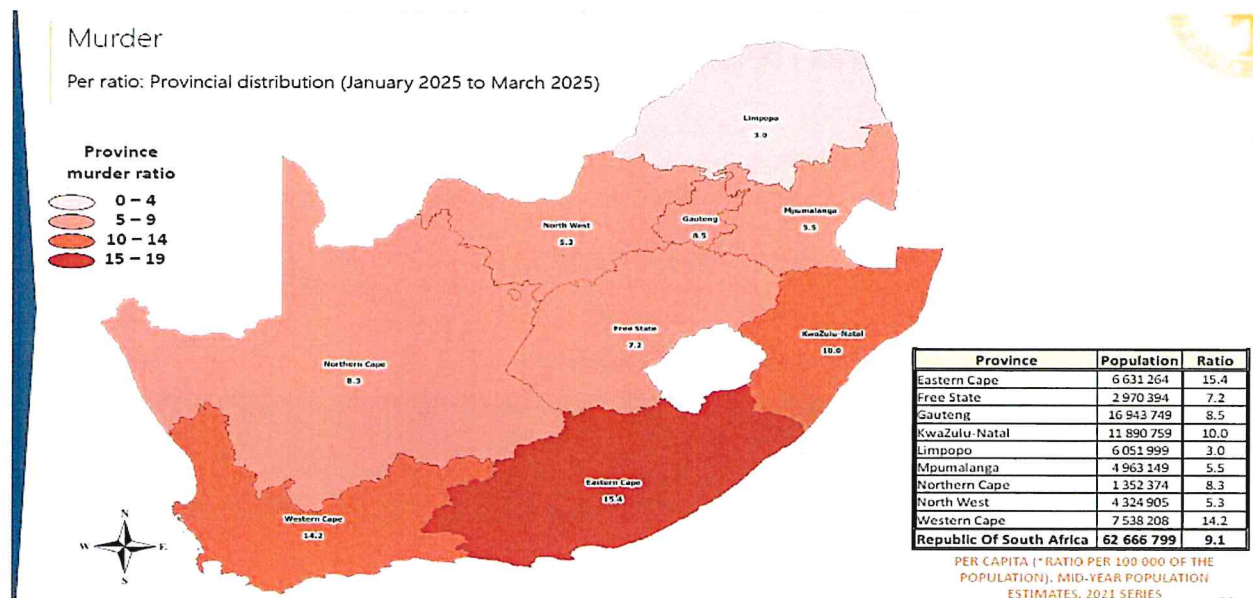
69. We are required to evaluate whether the information obtained during our audit indicates whether there any fraud risk factors present at the department and consider its impact on the audit. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or that provide an opportunity to commit fraud (e.g. inadequate controls to prevent or detect fraud). We did not identify fraud risk factors.

SERVICE DELIVERY

70. In terms of Chapter 11 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), provincial governments are vested with several critical policing functions, powers, and responsibilities.

71. In response to persistently high murder rates across the province, the Western Cape Government (WCG) launched the Western Cape Safety Plan (WCSP) in September 2019. The central goal of the WCSP is to halve the provincial murder rate by 2029 through strategic, evidence-based interventions.

72. According to the Police Recorded Crime Statistics for the Republic of South Africa, Fourth Quarter of the 2024/2025 financial year (January to March 2025), the Western Cape recorded the second-highest murder rate nationally, as illustrated in the data visualization below:



73. To support improved law enforcement outcomes, the department, in collaboration with the City of Cape Town (CoCT), implemented the Law Enforcement Advancement Plan (LEAP). LEAP is a key initiative under the WCSP and aims specifically to reduce murders by deploying trained officers to identified high-risk areas across the Cape Flats.
74. For the 2024/2025 financial year, 47% (R360 million) of the department's total budget was allocated as transfer payments to CoCT to support the operationalization of LEAP.
75. The LEAP funding was earmarked for deployment in high-priority police precincts with elevated murder rates. These areas include Delft, Gugulethu, Khayelitsha, Mitchells Plain, Nyanga, Philippi East
76. These precincts were identified based on their inclusion in the top 30 stations with the highest murder rates, as reflected in the national crime statistics.
77. The department's targeting of these high-priority areas directly corresponds with the data provided in the Police Recorded Crime Statistics. This alignment ensures that LEAP deployments are evidence-led and responsive to areas of greatest need.
78. As part of our audit compliance focus on transfers and subsidies, we performed compliance procedures to confirm that appropriate monitoring mechanisms are in place to ensure that allocated funds are used for their intended purpose, and we confirmed that these mechanisms include: regular operational steering committee meetings between the Department and CoCT and ongoing submission and review of detailed progress reports by CoCT.
79. Although Programme 2 indicators were not included in the scope of the current year's audit, the department continues to report on the impact of LEAP funding within this programme.
80. We commend the department for their proactive approach in fighting crime within the province. The department should continue to strengthen its performance monitoring and impact evaluation mechanisms for LEAP and related safety initiatives to ensure that the departments strategic objectives are being effectively achieved, thereby positively impacting the lived reality of citizens.

SECTION 3: CONTROL ENVIRONMENT

81. The significant internal control deficiencies as reported in **section 2** were caused by weaknesses in the overall control environment, for which the accounting officer and senior management are responsible.
82. The following are the main weaknesses that need urgent attention to improve the overall control environment:

Significant internal control deficiencies – overall control environment

Deficiency	Prior years reported	
	2023-24	2022-23
Detail monitoring is not performed on all neighborhood watches due to the volume of beneficiaries and capacity constraints to perform detailed monitoring exercise for all.	None	None

83. In **annexure C** we provide a more detailed view of the overall state of internal control.

ACCOUNTABILITY ECOSYSTEM

84. The accountability ecosystem is the collection of role-players that have a part to play in enabling and institutionalising a culture of performance, transparency, accountability, and integrity at the department. These role-players include the officials, senior management and accounting officer, supported by the internal audit unit and the audit committee.
85. We observed strengths and weaknesses in the contributions to the ecosystem by leadership, management and the governance structures of the department. We share our observations with the intention to contribute to strengthening the overall control environment, performance and accountability.

Accounting officer and senior management

86. Our assessment of senior management is informed by the internal control deficiencies identified in the areas of financial and performance management, as well as compliance with laws and regulations—areas that fall within the direct responsibility of senior management. These deficiencies indicate that, while progress has been made, there are still gaps in the design and implementation of key controls that require senior management's attention.
87. Despite the delay in the permanent appointment of the Head of Department, no adverse impact on the department's stability has been observed. The consistent appointment of an Acting Head of Department has provided continuity in leadership. Notably, the tone set by the Acting Head of Department, along with senior management, continues to foster a culture of ethical conduct, sound governance, and the protection and enhancement of the department's interests. This positive leadership environment is evidenced by the department's ability to maintain a clean audit outcome.
88. While management has made commendable progress in implementing action plans to address prior year audit findings, further emphasis must be placed on improving the accuracy and completeness of disclosures in the annual financial statements. In addition, stronger oversight is required in key compliance areas, including supply chain management and the monitoring of funds transferred to beneficiaries, to ensure adherence to legislative and regulatory requirements.

89. Internal control deficiencies related to non-compliance with legislation were noted. It is essential that the Accounting Officer exercises effective oversight over the implementation of corrective actions and ensures that the root causes of these findings are identified and addressed in a timely and appropriate manner.
90. The Accounting Officer is ultimately responsible for the department's internal control environment, which encompasses leadership, strategic planning, risk management, and monitoring. While the design and operationalisation of financial and performance management controls rest with senior management, the Accounting Officer must continue to foster an environment that prioritises strong internal controls and governance. Furthermore, it is critical that senior management is held accountable for the implementation and effectiveness of these controls to support the department's strategic objectives and sustain clean administration.

Audit committee

91. During the year under review, it was noted that the Audit Committee demonstrated a proactive and engaged approach in addressing departmental matters. A review of the committee's meeting minutes confirms that the committee exercised effective oversight over the department's key functions, fulfilling its governance responsibilities in accordance with its mandate. This level of engagement reflects a strong commitment to accountability, risk management, and the enhancement of internal control processes within the department.

Internal audit unit

92. The internal audit unit of the department is adequately resourced with competent staff and produces high quality internal audit reports. The unit is compliant with legislative requirements and no instances of non-compliance have been identified
93. The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We have used internal audit work as follows:
94. We used the following internal audit reports for risk identification purposes. The reasons for not using their work for the purposes of modifying the nature and timing or reducing the extent of our audit procedures is also described below:
- Neighbourhood Watches: Work done does not relate to the financial year under review.
 - Neighbourhood Watches (follow up report): Scope of work does not relate to the three external audit areas.
 - Security Operational Deployment: Scope of work does not relate to the three external audit areas.
 - Risk Management Process Review (follow up report): Scope of work does not relate to the three external audit areas.
 - Transfer Payments (follow up reports): Scope of work does not relate to the three external audit areas.
 - Directive on Public Administration and Management Delegations: Scope of work does not relate to the three external audit areas.
 - Youth at risk (follow up reports): Scope of work done does not relate to the three external audit areas.
 - Police Needs and Priorities (follow up reports): Scope of work done does not relate to the three external audit areas.

RECOMMENDATIONS AND RESPONSES

95. We made recommendations to improve the overall control environment to senior management. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – control environment

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: The Community Police Relations Directorate should consider enhancing their control environment to ensure that monitoring measures are instituted, which covers all beneficiaries of funding. As part of this, it is recommended that the Community Police Relations Directorate: • Introduce a requirement that all beneficiaries submit detailed reports and supporting evidence of fund utilisation within six months of receiving the funds. This should be aligned with the objectives and financial plans submitted as part of the original funding request (e.g., business plans). • Establish and maintain a centralised database or register to track all transfer payments, submission of post-funding reports, and supporting documentation. • Perform regular follow-ups using this register to identify and escalate cases of non-compliance. • Integrate this register into the department's decision-making process when evaluating new funding requests, to ensure that prior compliance is considered before the disbursement of new funding. Response: The department will consider the recommendations made by the AGSA to strengthen its controls already in place. In this regard, the department commits to: • Include in a requirement in the TPA that all beneficiaries must submit a status update to their respective fieldworkers, on the utilisation of the NHW funding, accompanied by supporting documentation, three (3) to six (6) months of disbursement. The specific time frame point will be discussed with the Directorate CPR's management team considering staff capacity and the Directorate's responsibility to support multiple safety partners. • Further to this, if funding is not completely spent, each funded entity will be required to submit to their respective fieldworkers, a closing report with supporting evidence of fund utilisation within six months of receiving the funds. • The respective fieldworkers will send the funded NHWs their individual business plans and remind these NHWs that the funding should be spent on the intended purpose.	2024-25	Not started

SECTION 4: OVERALL RECOMMENDATIONS

96. We provided recommendations to senior management to rectify the weaknesses identified in financial management and compliance with legislation. We commend management for implementing all of the recommendations made during the prior year audit.
97. Our recommendation for the accounting officer is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.
98. In our view the main root causes that need attention are as follows:
- There is a lack of proper understanding and consistent application of relevant procurement legislation and regulations within the supply chain management department, leading to non-compliance relating to deviations from the EPS system when procuring goods and services via a quotation process.
 - Processes and systems for the collation of information required to report on performance were not formalized and agreed with all parties involved before the start of the performance year, resulting in the information to report on the first quarter's performance not being available in time for reporting.
 - The Community Police Relations Directorate failed to implement timely appropriate monitoring mechanisms to cover all beneficiaries to ensure that transfers and subsidies were utilised as intended as there is an over-reliance on trust without the requisite verification, and a lack of structured follow-up processes to ensure compliance for all beneficiaries funding.
99. Addressing these root causes requires a focused and systematic approach. We have found that an action plan that is focused on addressing root causes, with SMART targets and disciplined monitoring and implementation, is fundamental to success
100. The following are our 3 main recommendations to address the identified root causes. The preliminary recommendations will be further discussed and agreed after the audit cycle. We have shared some of these before and ask for urgent action to ensure their implementation.

Overall recommendations

	Recommendation	Year originally recommended	Status of implementation
1.	Recommendation: Action plans should be drafted, implemented and pro-actively monitored by the accounting officer, with the support of senior management, the supply chain management department and the internal control unit to address all audit findings, specifically those relating to non-compliance in the quotation procurement process that result in irregular expenditure. It is further recommended that the Audit Committee review and make recommendations on the proposed audit action plan to ensure that the actions address the root causes of the findings. The Audit Committee should furthermore closely monitor the implementation of the plan, ensuring that corrective actions are effectively carried out, timelines are adhered to, and that the underlying weaknesses in internal controls and procurement practices are permanently addressed. This includes regular reporting by management on progress, challenges, and measures taken to prevent recurrence.	2023-24	Not started

	Recommendation	Year originally recommended	Status of implementation
2.	Recommendation: The Accounting Officer, with the support of the Directorate: Strategic Services and Communication, should strengthen the control environment around the collation, verification and submission of performance information to ensure no weaknesses exist which could limit the department's ability to achieve its performance targets. These measures may include: • Formalize and agree upon processes and systems for the collation, verification, and submission of performance information with all relevant internal and external parties before the start of the performance year, to ensure timely availability of data for quarterly reporting. • Identify and address early warning signs of underperformance, particularly in areas where performance data or inputs are dependent on third-party stakeholders, by establishing predefined reporting protocols and escalation mechanisms. • Implement timely and targeted corrective actions for performance indicators that are off-track, using real-time data tracking and clear accountability frameworks.	2024-25	Not started
3.	Recommendation: The accounting officer, in collaboration with the Community Police Relations Directorate should consider enhancing the control environment and the standard operating procedures to ensure that monitoring measures are instituted, which covers all beneficiaries of funding. As part of this, it is recommended that the Community Police Relations Directorate: • Introduce a requirement that all beneficiaries submit detailed reports and supporting evidence of fund utilisation within six months of receiving the funds. This should be aligned with the objectives and financial plans submitted as part of the original funding request (e.g., business plans). • Establish and maintain a centralised database or register to track all transfer payments, submission of post-funding reports, and supporting documentation. • Perform regular follow-ups using this register to identify and escalate cases of non-compliance. • Integrate this register into the department's decision-making process when evaluating new funding requests, to ensure that prior compliance is considered before the disbursement of new funding.	2024-25	Not started

101. The key recommendations outlined above will support the department in strengthening its control environment, thereby improving its ability to effectively deliver on its mandate and ultimately contribute to enhancing the lived realities of citizens.

CONCLUSION

102. The department is commended for maintaining its clean audit outcome, which has remained unchanged from the prior year. This translates to achieving an unqualified opinion on the annual financial statement, with no findings on predetermined objectives and compliance to laws and regulations. This was achieved through the implementation of key monitoring controls and a clear leadership and good governance tone, ensuring that a strong control environment is maintained.
103. Certain control areas were identified where improvements are necessary to strengthen the department's compliance with legislative requirements and to ensure the implementation and maintenance of effective oversight mechanisms. Specifically, enhanced oversight is required to ensure that grants and other transfer payments are utilised strictly for their intended purposes. Strengthening these oversight measures, particularly in relation to all safety partners, will contribute meaningfully to the effectiveness of public safety initiatives and the overall safety and well-being of citizens across the Western Cape.
104. Over the past five years, most non-compliance findings within the supply chain management (SCM) environment have been linked to weaknesses in the quotations process. These recurring issues, particularly in relation to manual quotation procedures, highlight the need for the department to prioritise the strengthening and automation of internal controls in this area. Enhancing controls over the quotations process will be critical in reducing the risk of future non-compliance and in supporting improved procurement practices aligned with legislative and regulatory requirements.
105. We appreciate the support that has been provided to the AGSA team as your strategic partners by the leadership, senior management and audit committee. We encourage management to continue taking insights from the audit processes and recommendations into their environment to investigate root causes and how the overall efficiency and effectiveness of the department can be improved.

Yours sincerely



Thomas Mamogwe
Deputy Business Unit Leader
31 July 2025

Enquiries: Gina Schultz
Phone: 021 528 4100
Email: GinaD@agsa.co.za

ANNEXURE A: FINANCIAL ASSESSMENT

1. We included a summary of the financial assessment we did as part of the audit in the section on financial performance. This annexure includes the detailed ratios and information used for the assessment.

Financial assessment PFMA – department

		Current year	Previous year
Expenditure management			
1.1	Creditor-payment period	5 days	16 days
1.2	30+ day accruals as percentage of total accruals	0%	0%
	- Amount of 30+ day accruals - Amount of total accruals	R0 R1 945 000	R0 R4 977 000
Revenue management			
2.1	Debt-collection period after impairment	0 Days	0 Days
2.2	Debtors' impairment provision at year-end as a percentage of accrued departmental revenue	0%	0%
	- Amount of Impairment of accrued departmental revenue at year-end - Amount of accrued departmental revenue	R0 R0	R0 R0
Asset and liability management			
3.1	Accrual-adjusted deficit was realised for the year (total expenditure exceeded total revenue)	No	Yes
	Amount of accrual-adjusted surplus/deficit for the year	R3 720 000	(R2 585 000)
3.2	Accrual-adjusted net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	Amount of accrual-adjusted net current assets/net current liabilities	(R22 510 000)	(R24 509 000)
3.3	Accrual-adjusted net liability position was realised (total liabilities exceeded total assets)	No	No
	Amount of accrual-adjusted net assets/liabilities	R31 715 000	R30 143 000
Cash management			
4.1	Year-end bank balance was in overdraft	No	No
	Amount of Cash and cash equivalents / bank overdraft at year-end)	R7 440 000	R2 515 000

		Current year	Previous year
4.2	Cash shortfall as percentage of next year's budget, excluding compensation of employees and transfers and subsidies**	0.3%	0.1%
	- Amount of cash surplus/(shortfall) - Amount of next year's appropriation (budget), excluding compensation of employees and transfers and subsidies budgeted amounts	(R310 000) R106 881 000	(R154 000) R115 679 000
4.3	Amounts payable in future periods as percentage of budget for next three years, excluding compensation of employees and transfers and subsidies	10%	12%
	- Amounts payable in future periods - Amount of appropriation (budget) for the next three years, excluding the next three years' compensation of employees" and "transfers and subsidies" budgeted amounts	R33 559 000 R321 441 000	R37 928 000 R315 774 000
4.4	Guarantees issued by the department as percentage of next year's budget, excluding compensation of employees and transfers and subsidies	No guarantees issued	No guarantees issued
	Amount of guarantees issued	R0	R0
4.5	Claims against the department as percentage of next year's budget, excluding compensation of employees and transfers and subsidies	0.3%	0.2%
	Amount of claims against the department	R274 000	R274 000

ANNEXURE B: PROCUREMENT AND CONTRACT MANAGEMENT

1. We included a summary of our findings and their impact in the section on procurement and contract management. This annexure provides the detailed findings.

Quotation processes

2. Supply chain management legislation and policy prescribe the manner in which bidding and quotation processes should be performed to enable fair, competitive and equitable procurement. We identified non-compliance with the requirements for the quotation process.

Findings on quotation process

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2023-24	2022-23
A supplier was awarded incorrect specific goals preference points as their B-BBEE certificate, had expired which resulted in non-compliance with PPR regulation 4(2).	R16 530	1	No	None	None
The request for manual quotations (sent via email) did not include the evaluation criteria which would be used, as required by Treasury Regulation 16A.3.2(a), nor the preference point system to be utilised, as required by the Preferential Procurement Regulation 3(1).	R129 225	4	No	√	None
It could not confirm if quotations were advertised for the required minimum number of days due to the department not updating the SCM Policy with the minimum number of days for the invitation of all manual price quotations as required by the PFMA SCM Instruction No. 02 of 2021/22 paragraph 3.2.2.	R126 525	3	No	None	√
The Department did not record and approve reasons for not obtaining less than 3 quotes from CSD-registered suppliers, resulting in non-compliance with paragraph 3.2.4(a) of the SCM Instruction note 2 of 2021/22 and National Treasury Instruction 4A of 2016/17.	R19 950	1	No	None	None
The reasons for obtaining less than three written price quotations from the suppliers registered on the CSD did not appear reasonable/ justified on the basis that it was impossible/ impractical to obtain 3 written quotations. Resulting in non-compliance with paragraph 3.2.4(a) of SCM Instruction note 2 of 2021/22 and National Treasury Instruction 4A of 2016/17.	R3 334.34	1	No	None	√

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2023-24	2022-23
The declaration of interest (WCBD4) was not completed by the winning supplier, resulting in non-compliance with Treasury reg. 16A 8.4 and paragraph 7.2 of PFMA SCM Instruction No. 3 of 2021/22.	R96 079.34	3	No	None	None

3. **Impact:** Findings on the quotations processes was identified in prior year, and majority of the findings related to this process in the current year as well. Management is encouraged to strengthen controls in this process, as the issues identified may result in material non-compliance in the future periods.
4. Despite the decentralization of the manual quotation procurement process offering some advantages, several issues have been identified in the current and prior years that require urgent improvement. Without a centralized system to monitor and oversee the process, there is an increased risk of non-compliance. To address these challenges, a more streamlined approach that combines the flexibility of decentralization with standardized procedures and oversight is needed to ensure a more effective, transparent, and consistent procurement process moving forward.

Conflict of interest

5. We assessed the interests of officials and their close family members and/or business partners or associates in suppliers to the department as well as the interests of persons in the service of other public sector institutions. Procurement legislation does not prohibit awards to such suppliers, but we performed testing to ensure that conflicts of interest did not result in contracts being unfairly awarded or in unfavourable price quotations being accepted, and to share the information with management as potential risks. We did not identify such interests.
6. The Public Service Act and Regulation's prohibit employees of departments from doing business with the state and from performing remunerative work outside their employment in the department, except with the written permission of the executive authority of the department or in an official capacity as a director of a public entity. We did not identify non-compliance with this legislation.

Internal control and recommendations

7. We did not identify significant internal control deficiencies in the procurement and contract management processes. Where we identified possible improvements, we reported these to management.

ANNEXURE C: ASSESSMENT OF INTERNAL CONTROL

1. This annexure provides our assessment of the main internal controls in the areas of **leadership, financial and performance management** and **governance** that should enable credible financial statements and performance reports and compliance with legislation.
2. The assessments are rated as follows:

	The required preventative or detective controls were in place.
	Progress was made in implementing preventative or detective controls, but improvement is still required, or actions taken were not sustainable.
	Internal controls were not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls.

3. Movement from the previous year is shown as follows:

	Improvement		Maintained		Regression		Unchanged
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Internal control assessment

	Financial statements		Performance reporting		Compliance with legislation	
	Current	Previous	Current	Previous	Current	Previous
Leadership						
Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protect and enhance the interests of the entity						
Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls						
Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored						
Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities						
Develop and monitor the implementation of action plans to address internal control deficiencies						

	Financial statements		Performance reporting		Compliance with legislation	
	Current	Previous	Current	Previous	Current	Previous
Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance						
Financial and performance management						
Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting						
Implement controls over daily and monthly processing and reconciling of transactions						
Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information						
Review and monitor compliance with applicable legislation						
Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and service continuity						
Governance						
Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored						
Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively						
Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation						

ANNEXURE D: SUMMARY OF DETAILED AUDIT FINDINGS

- 1. We communicated 5 findings to management during the audit, and 7 findings in the previous year.
- 2. This annexure summarises the findings that were communicated. The detailed findings are available on request.
- 3. The findings are rated as follows:

	Matters that will be reported in the auditor's report and should be addressed urgently
	Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance
	Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks

Summary of audit findings

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
Procurement and Contract Management – 3 findings								
1	COMAF 1 of 2025: Non- compliance with PPR 2022 Requirements				√			0
2	COMAF 2 OF 2025: Non- compliance with TR 16A3.2(a), TR 16A 8.4, PPR 3(1), paragraph 3.2.2 of PFMA SCM Instruction No 2 of 2021/22 and paragraph 7.2 of PFMA SCM Instruction No 3 of 2021/22				√			1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
3	COMAF 3 of 2025: Non-compliance with TR 16A 8.4, par 3.2.4(a) of SCM Instruction No 2 of 2021/22, National Treasury Instruction 4A of 2016/17 and paragraph 7.2 of PFMA SCM Instruction No 3 of 2021/22				√			1
	Annual Financial Statements – 1 finding							
4	COMAF 4 of 2025: Cash flow statement- Net cash flows available from operating activities disclosed on the face of the cash flow statement, does not correspond to the total as per note 14 to the financial statements		√					0
	Transfer of funds compliance – 1 finding							
5	COMAF 5 of 2025: Transfer of funds compliance					√		0

ANNEXURE E: UPCOMING CHANGES

1. This Annexure lists upcoming changes and events that will potentially affect the preparation of financial statements and annual performance report and compliance with legislation.
2. The department should ensure that systems and controls are in place to implement upcoming changes in the accounting standards that could have an impact on future audit outcomes.

Upcoming changes

Description		Audit outcome area	Effective date
Componentisation of assets Componentisation of capital assets is currently not required by the MCS, but it is not prohibited when a department has a system in place to cater for it. When the systems allow, the asset management policies of the department should specify how componentisation will be done and to what level components should be individually recorded. Departments are encouraged to componentise assets in their asset registers as it will become a requirement in future.		Financial statements	To be determined
Inventory Departments are encouraged to develop their inventory management systems, as the inventory disclosure note will become a requirement in future.		Financial statements	To be determined