AUDITOR-GENERAL
SOUTH AFRICA

ASSETS MASTERCLASS

June 2026

MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence

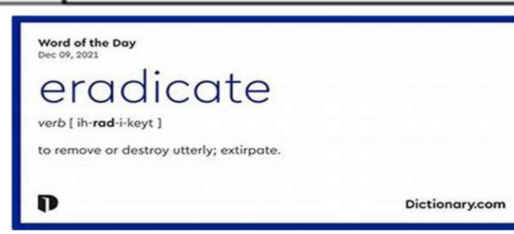
VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability.

Common Asset Management Audit Findings and practical Solutions

Auditees with Assets related qualification areas

Auditee	Financial statement qualification areas	
	Non-current assets	Current assets
Mopani District	R	R
Vhembe District		N
Bela-Bela	A	
Blouberg	A	
Elias Motsoaledi (Greater Groblersdal)	A	
Modimolle-Mookgophong	R	R
Thabazimbi	R	A
Thulamela		A



Details of Assets qualification areas

Auditee	Line Item	Additional Details
Mopani District	Property, Plant and Equipment	Conditional assessment - Impairment not performed on PPE as required by GRAP 21
	Inventory consumed and Bulk purchases	Lack of internal controls systems for recording and accounting for inventory consumed
	Receivables from Exchange Transactions	Lack of internal controls systems for recording and accounting for Receivables from Exchange Transactions
	Receivables from Exchange Transactions	Provision for impairment on Ba-Phalaborwa loan account (Water transactions)
	Cash and cash equivalent (Consequential impact)	Overstatement of cash and cash equivalent
Modimolle-Mookgophong	Property, Plant and Equipment	Lack of adequate systems for recording and accounting for Land
	Investment Property	Lack of adequate systems for recording and accounting for Land (Illegally Occupied) and other investment property incorrectly values
	Receivables from Exchange Transactions	Provision for impairment not calculated
	Receivables from Exchange Transactions	Difference between underlying records and source document
	Receivables from Non-Exchange Transactions	Provision for impairment not calculated and difference between underlying records and source document
	Receivables from Non-Exchange Transactions	Difference between underlying records and source document
Thabazimbi	Property, Plant and Equipment	No impairment assessment for infrastructure projects(taking significantly long to complete) and Infrastructure assets
Vhembe	Receivables from Exchange Transactions	Receivables not assessed for impairment
	Inventory consumed	Lack of supporting evidence, incorrect disclosure and inclusion of Bulk water not received by the Municipality

Practical solutions

- **Adherence to basic accounting disciplines** (i.e.)
  - ✓ Providing supporting source documents for underlying accounting records
  - ✓ Performing reconciliations to ensure alignment of accounting records and source documents
  - ✓ Following SOP and accounting policies when recording transactions
  - ✓ Exercising prudence when processing transactions into accounting records
  - ✓ Performing assets verifications therein incorporating conditions assessment

- **Investing in reading/understanding latest updates on applicable accounting standards and assets guidelines**
- **Attending trainings to enhance knowledge base**
- **Assessing assets for indicators of impairment as required by GRAP standards**
- **Where applicable, utilizing internal auditors to validate and corroborate processes**
- **In cases where consultant services are used on assets management, prioritize skills transfer to build internal capacity**

Strengthening internal controls for sustainable audit outcomes: from compliance to strong culture

Indicators of **poor institutional capability**

Vacancies in critical posts

Chronic reliance on consultants

Weak internal controls

Absence of performance-management

Leadership instability

Weak IT governance

No-consequence culture

Fragile revenue & asset management

Infrastructure project delays

- Mopani
- Vhembe
- Modimolle
- Thabazimbi
- Thulamela

Main SCM challenges identified

	Challenge	Description
1	Non-compliance with SCM rules	Widespread uncompetitive and unfair procurement processes persist
2	Weak consequence management	Investigations and disciplinary actions are delayed or incomplete
3	Fragmented legislation	The new Public Procurement Act aims to address systemic gaps, but requires effective implementation
4	Capacity constraints	SCM officials often lack training and expertise in specification and contract management
5	Deviation abuse	Frequent use of "emergency" or "sole-supplier" provisions without sufficient justification

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