

**Auditor's report of the Auditor-General to
the Gauteng Provincial Legislature on the
Johannesburg City Parks NPC for the year
ended 30 June 2013**



AUDITOR - GENERAL
SOUTH AFRICA

The accounting officer
Johannesburg Zoo NPC
40 De Korte Street
Braamfontein
2017

30 November 2013

Reference: 21412REG12/13

Dear Mr B Nelana

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Johannesburg Zoo NPC for the year ended 30 June 2013

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa, section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
3. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



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Senior Manager: Gauteng

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**REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE
AND THE COUNCIL OF THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
ON THE JOHANNESBURG CITY PARKS NON PROFIT COMPANY**

Introduction

1. I have audited the financial statements of the Johannesburg City Parks NPC set out on pages xx to xx, which comprise, the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement, the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg City Parks NPC as at 30 June 2013, and its financial performance, appropriation statement, statement of changes in net assets and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Transfer of entities under common control

8. As disclosed in note 42 to the financial statements, the City of Johannesburg undertook an institutional review and a decision was taken to transfer the functions of Johannesburg Zoo NPC to Johannesburg City Parks NPC. The assets and liabilities of Johannesburg Zoo NPC as at 1 January 2013 have been transferred to Johannesburg City Parks NPC.

Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an errors discovered during 2013 in the financial statements of Johannesburg City Parks NPC at, and for the year ended, 30 June 2012.

Additional matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Other reports required by the Companies Act

11. As part of our audit of the financial statements for the year ended 30 June 2013, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. These reports are the responsibility of the respective preparers. I have not audited these reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PAA REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.
14. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information* (FMPPi).

The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

15. There were no material findings identified in the annual performance report concerning the usefulness and reliability of the information.

Additional matter

16. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the matter below.

Achievement of planned targets

17. Of the total number of 31 targets planned for the year, 7 of targets were not achieved during the year under review. This represents 23% of total planned targets that were not achieved during the year under review. This was as a result of the institution reprioritisation of the budget during the year under review

Compliance with laws and regulations

18. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Annual financial statements

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of related party receivables and payables identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

20. Money owing by the municipal entity was not always paid within 30 days or an agreed period, as required by section 99(2) (b) of the Municipal Finance Management Act

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for unqualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

22. Management did not adequately exercise oversight responsibility regarding financial and compliance and related internal controls including IT controls and HR management.

Financial and performance management

23. Management has not implemented 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. Compliance with laws and regulations and review of financial statements was not adequately reviewed and monitored. IT internal control weaknesses were identified in the design and implementation of the systems.

OTHER REPORTS

Investigations

24. An investigation regarding alleged financial misconduct is currently being conducted by the Specialised Investigating Unit (SIU).

Auditor - General

Johannesburg

30 November 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence