

ANNUAL AUDIT Financial audit Auditors appointed by SGB Report on financial statements (financial position, performance and cash flow) Report on control environment Materiality is benchmark on reporting Predetermined audit plan and standards based on knowledge of school



- Totally independent auditor appointed by Department or SGB
- Report issued for legal proceedings
- No level of materiality or assurance
- All findings well documented and supported by substantive documents

WHEN AND WHY DOES A SCHOOL REQUEST A FORENSIC AUDIT



Complaint was submitted (SGB, parent, etc.)



Continuous non-compliance to requests and legislation



Non-compliance found during annual audit



How is a forensic audit conducted? Specific considerations Collection of Planning Finalization evidence

Planning procedures:

Detailed and documented

Considerations during planning:

- What was initial complaint
- When did possible offense occur
- Why was the complaint submittedHow was the offense committed
- Who is implicated
- Control environments
- Untoward relationships
- Ethical / political considerations
- Source of evidence
- Willingness to co-operate
- History of compliance/ethical behavior

Specific considerations:

- Known fraud and embezzlement
- Corruption
- Asset misappropriation
- Financial irregularities
- Payment for no services/goods
- Allegations vs facts
- Non-compliance to laws and regulations
- Compliance to Section 16A (2)(g)(ii) to Section 16A (2)(k)
- Communication to Department and role players
- Department's role vs Governing body
- Governing body to start the process in most instances

Procedures during audit:

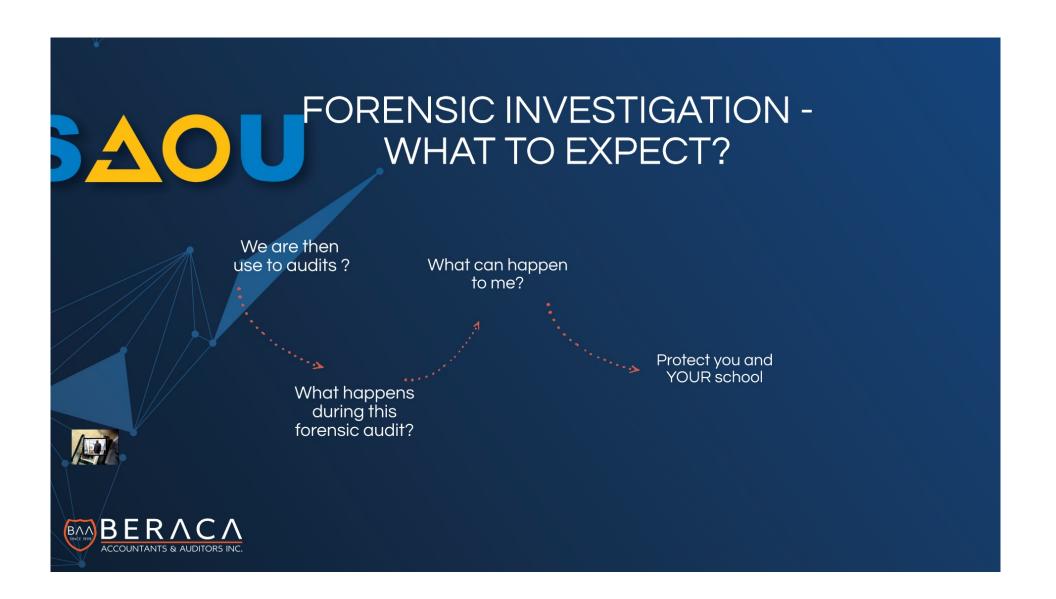
• Detailed and objective

Typical procedures:

- Interviews (could be recorded)
- Analytical reviews and procedures
- Lifestyle reviews
- Substantive procedures
- Collection of third party evidence, for example bank statements
- Review of contracts, agreements and documentation supporting transactions
- · Review of minutes of meetings
- Review of telephone records, social media and messages

Conclusion:

- Detailed report on findingsDiscussions with affected parties
- Submission to relevant authorities
- Sanctions
- Court proceedings





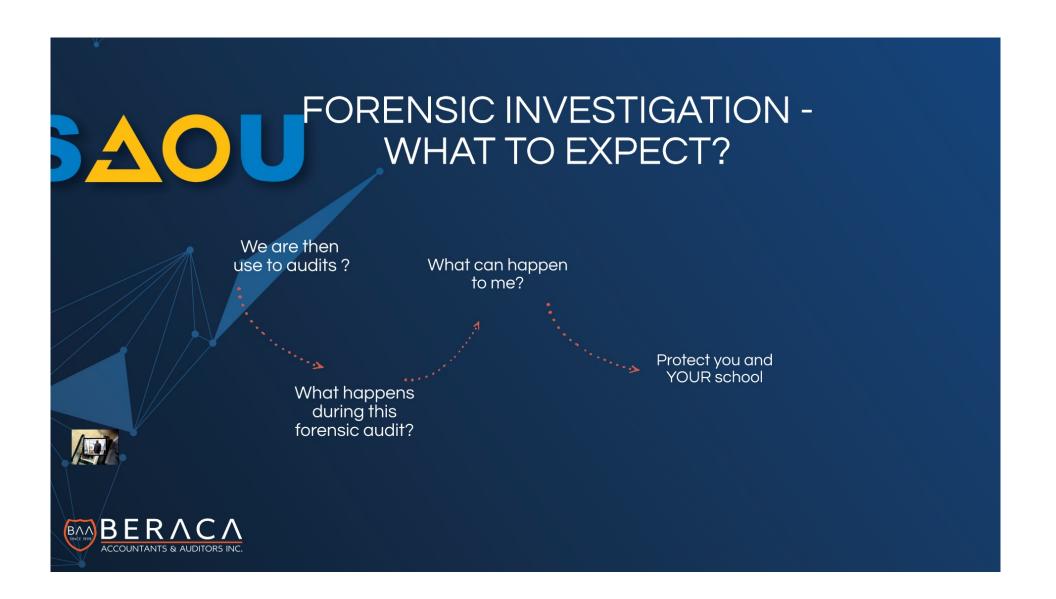
Disciplinary proceedings

- By employer
 Labour legislation and regulations
 Sanctions may vary
 Penalty imposed
 Loss of income
- - SuspensionTermination of services



Criminal proceedings:

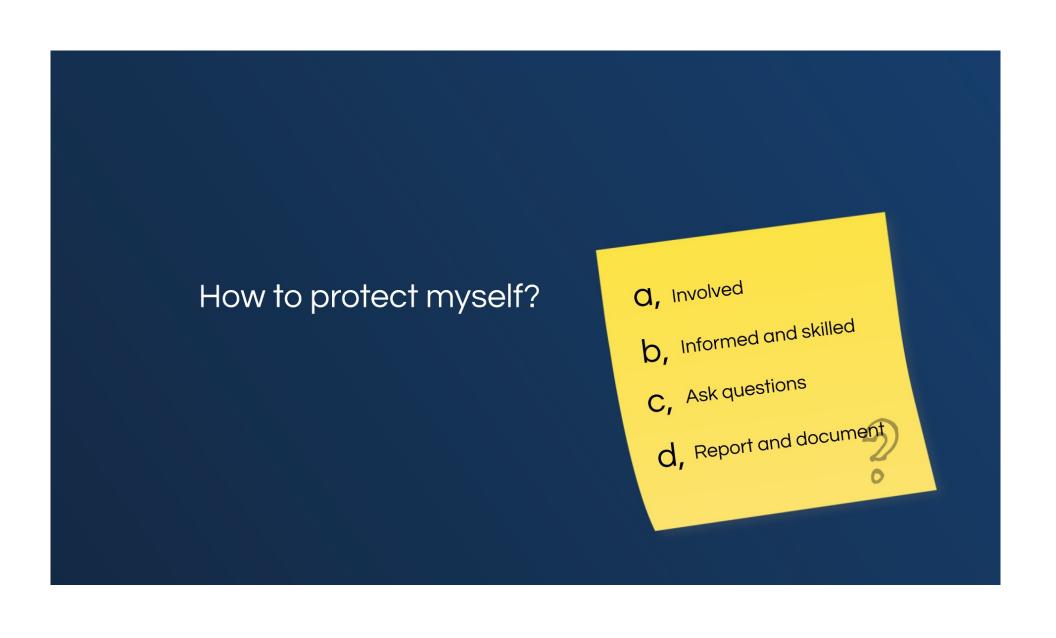
- Case to be opened at SAPS
- State to prosecute
- Criminal record
- Incarcerated
- Expensive to defend
- Extremely time consuming, more than civil proceedings
- Financial crimes are very difficult to prosecute
- NPA, FSCA, SARS and department could be involved



Protect yourself and your school

Protect yourself

Protect the school



How to protect school?

- Policies, procedures and control environment
- Good accounting habits
- Skilled advisers
- Functioning governing body
- Regular training for role-players
- Detailed and complete annual audit process
- Continuous self assessment

