

# PRESENTATION CFO Forum

07 December 2022

Pitsi Moloto: Chief Director  
Financial Accounting



government  
printing

Department:  
Government Printing Works  
REPUBLIC OF SOUTH AFRICA

# Executive Summary

- On the 4 February 2021, there was a system crash where data was lost (general ledger) and the financial information was reverted to November 2019. GPW only had a trial balance as at 31 January 2021 which was used as a basis for the opening balance for the 2020/21 FY.
- A trial balance was used to bring back the balances to 31 January 2021. This trial balance is not supported by an underlying general ledger. There were additional data losses that occurred between 4 February 2021 and 31 May 2022.
- The 2020/21 AFS were submitted to the AGSA on the 31 May 2022, a year later. They were accompanied by a trial balance, underlying schedules in the absence of a general ledger.
- The transaction for the 2020/21 financial year are made up as follows, trial balance for ten months and February and March 2021 transactions on the AX system.
- Due to the complexity of the manufacturing environment, recapturing of the ten months transactions back onto the system was not possible. AG and NT agreed in previous engagement regarding the impracticality of recapturing of the transactions,
- AGSA issued findings during the audit process and the main root cause of the findings relate to the no listing/general ledger to support the amounts disclosed on the AFS. *These findings have resulted in legacy matters which can't be retrospectively adjusted.*
- GPW requested an exemption on some aspects of GRAP 1 in terms of section 40(1)(b) of the PFMA. This exemption was not granted as the Minister can not issue exemptions post facto.
- GPW is in the process of compiling the 2021/22 AFS with the legacy matters still unresolved.



# Balance Sheet Approach

- GPW has done some work to correct the 2020/21 audit findings. A balance sheet approach was used to resolve the audit findings.
- The income statement findings for 2020/21 will automatically fall off as the amounts are not comparatives in the 2022/23. But will impact the 2021/22 FY the figures are included as comparatives on the income statement.
- This approach will impact 2021/22 and 2022/23 FY, as the balance sheet is a long term project and the impact of the data loss has negatively impacted the opening balances and recreating the general ledger is impractical.
- By ensuring the balance for assets and liabilities are accurate and complete, will have a resulting impact on equity/ accumulated surplus which is a balancing figure on the balance sheet.
- The balancing figure will have a direct impact on the statement of net assets, as the amount is included in accumulated surplus.
- With the balance sheet approach and the exemptions on the opening balance this will result in the 2022/23 financial statements being reliable.



# Balance Sheet Approach (cont.)

Account	Audit Finding	What GPW has done
<p>Property, Plant and Equipment <b>(legacy matters)</b></p>	<ul style="list-style-type: none"> <li>• The depreciation and additions as per the fixed asset register does not agree to the amount as per the annual financial statements</li> <li>• The adjustments processed on the PPE balance are unexplained. Assets are not included in the fixed asset register</li> <li>• A sample of assets were selected by auditors for physical verification, but could not be verified</li> </ul>	<p><b>2021/22 FY</b></p> <ul style="list-style-type: none"> <li>• Asset verification was done in the 2022 FY</li> <li>• Appointed a service provider to revalue land and buildings</li> <li>• Reclassified assets between minor (less than R7000) and major (exceeding R700,01), The capitalisation threshold in terms of the policy is R7000,01</li> <li>• Recalculated depreciation and accumulated depreciation</li> </ul> <p><b>2022/23</b></p> <ul style="list-style-type: none"> <li>• In the process of appointing a service provider to reconstruct the asset register.</li> <li>• Bar Code all the assets.</li> </ul>



# Balance Sheet Approach (cont.)

Account	Audit Finding	What GPW has done
Inventory <b>(legacy matter)</b>	<ul style="list-style-type: none"> <li>Journal passed without supporting documentation, journal to align the stock count to trial balance</li> <li>Open items which relates to prior years were delivered but still included in WIP.</li> </ul>	<p><b>2020/21</b></p> <ul style="list-style-type: none"> <li>A stock count was performed on all stock items and the trial balance was aligned to the stock count</li> </ul> <p><b>2021/22</b></p> <ul style="list-style-type: none"> <li>A stock count was performed on all stock items.</li> <li>Stock count was uploaded to the system and the amount of stock on the system approximate each other, at R470million.</li> <li>WIP was prospectively adjusted in the 2022/23 FY, relating to items which reopened but were delivered previously.</li> </ul> <p><b>2022/23</b></p> <p>A mid year stock count was conducted in September, and a year end count will take place in March 2023. <i>Machine recovery rate which is part of WIP will be challenge as it's a system generated transaction. This directly impacts cost of sales amounts</i></p>





# Balance Sheet Approach (cont.)

Account	Audit Finding	What GPW has done
<p>Accounts Receivable (legacy matter)</p>	<ul style="list-style-type: none"> <li>• There Debtors' Ledger, the Age Analysis and the General Ledger don't agree.</li> <li>• The AGSA couldn't validate the completeness and accuracy of the Debtors' Ledger as well with the Revenue in terms of GRAP 09.</li> <li>• Some journals not adequately supported, to align the age analysis to trial balance</li> </ul>	<p><b>2021/22 FY</b></p> <ul style="list-style-type: none"> <li>• Debtors circularisation was sent to debtors and follow ups were performed but the debtors were not responsive.</li> <li>• GPW will request to address the CFO's during the CFO forum scheduled for November 2022.</li> <li>• Debtors reconciliations are currently in progress for significant debtors.</li> </ul> <p><b>2022/23</b></p> <p>Debtors circularisation will be recirculated for the year ended 31 March 2023.</p>



# Balance Sheet Approach (cont.)

Account	Audit Finding	What GPW has done
<p>Trade and other payables <b>(legacy matter)</b></p>	<ul style="list-style-type: none"> <li>The schedule for EFT creditors control account was provided by GPW, however it was noted that R12 975 410 out of R15 798 763 could not be supported.</li> </ul>	<p><b>2021/22 FY</b></p> <ul style="list-style-type: none"> <li>Creditors reconciliation for all creditors.</li> <li>Payments to creditors are done within 30 days of receipt of invoice.</li> <li>Hard copy journal relating to the limitation of scope is available for the auditors.</li> <li>The limitation from the EFT creditor was journalised to the data loss account, as the general ledger breakdown is not available due to the data loss.</li> </ul>
<p><b>Bank and Cash</b></p>	<ul style="list-style-type: none"> <li>No issues</li> </ul>	<ul style="list-style-type: none"> <li>Bank reconciliation bank statements are available.</li> </ul>



government  
printing

Department:  
Government Printing Works  
REPUBLIC OF SOUTH AFRICA

## Way Forward: 2021/22

- Ensure that GPW does a Debtors circularisation for the year ended 31 March 2022 and for mid year 30 September 2022,
- Validate the balances from the departments/Entities as at 31 March 2022 and 30 September 2022.

[Letter to Depts.pdf](#)



government  
printing

Department:  
Government Printing Works  
REPUBLIC OF SOUTH AFRICA





# Thank You



government  
printing

Department:  
Government Printing Works  
REPUBLIC OF SOUTH AFRICA