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**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SECRET SERVICES ACCOUNT OF THE DEPARTMENT OF POLICE FOR THE YEAR ENDED 31 MARCH 2010**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

I have audited the accompanying financial statements of the Secret Services Account, which comprise the appropriation statement, the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies as set out on pages ... to ....

**Accounting Officer's responsibility for the financial statements**

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by National Treasury as set out in accounting policy note 1.1 and in the manner required by the PFMA. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor-General's responsibility**

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section section 3 of the Secret Services Act, 1978 (Act 56 of 1978), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Basis for opinion**

### **Level of Audit Assurance**

Owing to the nature of certain operational transactions and the circumstances under which they are incurred and recorded as well as the circumstances under which the assets and services are procured and utilised, the level of assurance in respect of certain operational expenditure is, under these circumstances lower than with ordinary audits

### **Opinion**

In my opinion, except for the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Secret Services Account as at 31 March 2010 and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting as determined by National Treasury as set out in accounting policy note 1.1 and in the manner required by the PFMA and section 3 of the Secret Services Act, 1978 (Act 56 of 1978).

### **Emphasis of matter**

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

### **Basis of accounting**

The Secret Services Account's policy is to prepare financial statements on the modified cash basis of accounting as determined by the National treasury, as set out in accounting policy note 1.1.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA, Electronic Communications Act, 2005 (Act No. 36 of 2005) and financial management (internal control).

### **Predetermined objectives**

The predetermined objectives related to the Secret Services Account are reported together with the predetermined objectives of the Department of Police.

**Compliance with laws and regulations**

No matters to report.

Auditor-General  
Pretoria

30 July 2010



AUDITOR-GENERAL  
SOUTH AFRICA

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