

# ***“ANNEXURE TC 2”***

*Handwritten initials and signature*  
N.P.



# **national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

Private Bag X 115, Pretoria, 0001 • Tel: (+27 12) 315 5111 • Fax: (+27 12) 325 1620 • PO Box 29, Cape Town, 8000 • Tel: (+27 21) 464 6100 • Fax: (+27 21) 461 2934

Ref : 9/4/8/4/16  
Enquiries : Lindi Mzankomo  
Tel : 012 315 5256  
Fax : 012 395 6568  
Email : [Lindi.Mzankomo@treasury.gov.za](mailto:Lindi.Mzankomo@treasury.gov.za)

Ms TBJ Memela  
Chief Executive Officer  
South African Social Security Agency  
Private Bag X55662  
**ARCADIA**  
0083

Dear Ms Memela

## **REVIEW OF THE STATEMENT OF INCOME AND EXPENSES OF CASH PAYMASTERS SERVICES (PTY) LTD FOR THE PERIOD 01 APRIL 2012 TO 30 SEPTEMBER 2018**

The National Treasury acknowledges receipt of the report from SASSA on 21 October 2019. The report completed by RAIN Chartered Accountants Inc. sought to undertake the verification of the audited statement of expenses incurred, income received and the net profit earned under the SASSA-CPS contract.

Given the length, complexity and specialised auditing expertise required in undertaking this task, it is challenging for National Treasury to approve the substance of a report undertaken by a third party without undertaking or commissioning an equally lengthy repetitious process.

The National Treasury approves the audit verification report for submission to the Constitutional Court of South Africa, noting the following shortcomings:

- From the report provided we could not verify the method used by RAIN in terms of auditing standard with which the audit verification was performed. The report provided is in a general format. It is therefore unclear what type of assurance the auditor is providing to the users of this report.
- The report does not contain a paragraph referring the user to the Ethical Code and does not make reference to the ethical requirements under which the engagement was performed.
- The scope of work as per the terms of reference is incomplete given that RAIN was not granted access to the CPS audit working papers.
- RAIN does not express a modified or unmodified opinion for the two periods requested. This does not allow the users of the report to interpret whether the findings are of such a material nature that it outweighs the Audit Opinions of the other independent auditors appointed by CPS namely KPMG Services Proprietary Limited and Mazars. National Treasury could not find the final opinion for both periods in the report provided to us.

*[Handwritten signature]*  
N.P.

We are satisfied with the nature, timing and extent of the procedures performed to verify the expenditure incurred, income received and net profit earned. RAIN made full use of the limited information provided by the relevant parties.

The material findings raised by RAIN, mainly in the expenditure areas of Bulk re-registration, BEE service fees, BEE retainer, BEE transaction equity instrument charge, Expenditure not in contract, Legal expenses and Retrenchment costs identified as "Disputed matters" raise concern about the quality of audit work performed by firms signing off the audit opinions to CPS.

Yours sincerely



**DONDO MOGAJANE**  
**DIRECTOR GENERAL**  
DATE: 28/11/2019

