

**DHA BRIEFING TO THE PORTFOLIO
COMMITTEE ON 23 AUGUST 2006**

**PROGRESS ON ISSUES RAISED BY
THE 2004/05 AUDIT REPORT**


Home Affairs



**PROGRESS ON ISSUES RAISED
BY THE 2004/05 AUDIT REPORT**

**1. Foreign Affairs vouchers in
transit**


- All vouchers in transit were received by the end of 2005/06 and the suspense account that led to the qualification was cleared
- No deposits are allowed by DHA from DFA without supporting documents
- A working Committee has been established between DHA and DFA to reconcile vouchers prior to effecting payment to DHA.



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

1. Foreign Affairs vouchers in transit

- MOU has been finalised as an interim measure to address the problem of vouchers in transit
- A permanent solution where DFA would take over the function in its entirety and account for expenditure and revenue collected on behalf of DHA in its books and therefore deposit revenue directly to the National Revenue fund is being explored between DHA, DFA and National Treasury



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

1. Foreign Affairs vouchers in transit


- There was no qualification on foreign vouchers in transit in the 2005/06 audit, although there was an emphasis of matter on the amount declared as owing to DHA by DFA.



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

2. SOURCE DOCUMENTS ON REVENUE NOT CAPTURED


- All documents that were not captured previously have now been captured
- There was a challenge though in 2005/06 audit due to unstable nature of BAS. Capturing gets delayed due to the system's down time.
- Staff capacity at provincial level is still a challenge



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

2. SOURCE DOCUMENTS ON REVENUE NOT CAPTURED


- A team has been set up at HQ to follow up on the capturing of receipts
- National Treasury is assisting DHA in attending to the challenge



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

3. ALIEN DEPOSIT ACCOUNT


- Submitted financial statements were not audited pending the basis of preparation from National Treasury (NT).
- NT has eventually issued a letter to the AG to audit on the basis used by DHA for 2005/06
- NT would come up with guidelines for future audits.
- The matter still appears as qualification for 2005/06 despite the fact that submitted statements were not audited



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

4. Payables: Inter-responsibility clearing and conversion receipts deposits accounts


- These accounts were cleared by the end of 2005/06
- There were no issues raised by the AG in the 2005/06 audit in this regard



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

5. Completeness of revenue

- The matter has been addressed to a certain extent, but there are still challenges for offices that have do not have BAS due to infrastructural problems
- There is still a delay in capturing receipts at provincial level leading to incomplete revenue
- This item is related to the one dealing with source documents on revenue not captured and is being addressed through the assistance of National Treasury




PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

6. Unexplained debit to income

- The issue has been resolved and did not resurface during the 2005/06 audit

7. Goods and services missing vouchers


- The issue of missing vouchers has been resolved by putting in place security measures to secure documents
- The issue was never raised in the 2005/06 audit
- Controls of financial documents required for audit have been stepped up tremendously within the available facility



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

8. Expenditure on capital assets: supporting documents and capital expenditure on vehicles

- All vehicles that were said to have not been delivered have now been delivered
- The contract with GG transport has been finalised by the Department and is being scrutinised by GG transport Legal team after which the two DG'S will conclude the agreement
- There were no similar issues raised in the 2005/06 audit.



PROGRESS ON ISSUES RAISED BY THE 2004/05 AUDIT REPORT

10. Financial statements disclosures: leave entitlement

- The issue has been resolved and was not raised in the 2005/06 audit

11. Filing and retention of documents

- The issue has been resolved




FORENSIC AUDIT

- Phase 1 of the audit was finalised and presented to the Minister on 09 June 2006
- It revealed fraud to the value of R1,091,712.82 was committed
- Phase 2 was commissioned for an in depth analysis to
- Phase 2 is an involved process that require certain legal



PROGRESS ON THE FORENSIC AUDIT

- The **preliminary** report will be issued by the forensic auditors by the end of August 2006
- The **final** report will be ready by 30 September 2006 and thereafter remedial action, over and above the actions already taken to improve on internal controls, would be taken



PROGRESS ON DISCIPLINARY ACTION ARISING FROM PHASE 1 OF THE FORENSIC AUDIT

- The disciplinary process commenced by sourcing the services of presiding officers from other departments.
- Disciplinary actions are in progress
- 15 officials have been charged
- All cases will hopefully be finalised by 30 September 2006



REPORT ON THE STATE OF EXPENDITURE: 2006/07

VOTE 4: HOME AFFAIRS

% Expenditure for 4 months = 33% Within reasonable means = 31% - 33%

PROGRAMME	BUDGET ALLOCATION			EXPENDITURE AS AT 31 JULY 2006	FUNDS AVAILABLE	PERCENTAGE OF BUDGET SPENT
	ALLOCATION 2006/07	VIREMENT AFTER ADJUSTED ESTIMATES 2006/07	TOTAL ADJUSTED ESTIMATE 2006/07			
	R'000	R'000	R'000	R'000	R'000	
1 Administration	462,547		462,547	115,217	347,330	24.91%
2 Delivery of Services	1,741,063		1,741,063	403,814	1,337,249	23.19%
3 Auxiliary and associated services	596,795		596,795	178,210	418,585	29.86%
4 Special function: Theft and Losses	-		-	2,878	(2,878)	-
TOTAL	2,800,405	-	2,800,405	700,119	2,100,286	25.00%
ECONOMIC CLASSIFICATION						
	R'000	R'000	R'000	R'000	R'000	
Current Payments		-	-			
Compensation of employees	1,055,481		1,055,481	260,842	794,639	24.71%
Goods and Services	788,044		788,044	233,884	554,160	29.68%
Financial transactions in assets and liabilities	-		-	20	(20)	-
Transfers and subsidies	361,169		361,169	154,841	206,328	42.87%
Payments for capital assets	595,711		595,711	50,532	545,179	8.48%
TOTAL	2,800,405	-	2,800,405	700,119	2,100,286	25.00%