**AUDIT COMMITTEE BRIEFING TO SCOPA FOR QUARTER 1 AND 2 (2017/18)**

**REPORT OF THE AUDIT COMMITTEE OF THE DEPARTMENT OF EDUCATION**

**Audit Committee Responsibilities:**

The Audit Committee functions in accordance to the Audit Committee Terms of Reference as approved by Cabinet and the Accounting Officer of the respective Department. The Terms of Reference dictates the required statutory requirements and disclosures of the Audit Committee.

1. **Emerging and Transversal Risks**

**1.1 Auditor General Report 2016/17**

Emerging Risks (relating to financial reporting) reported by the Auditor General in the 2016/17 financial year are the following,

* Componentization of assets in the asset register. (implementation date not determined)
* The Treasury Regulations are currently being revised, which may introduce a number of new requirements once effective.
* Disclosure of inventory in notes to the annual financial statements. (implementation date not determined)

**1.2 Departmental Risk Register**

Emerging strategic risks

* Business continuity
* IT risks

These risks will be unpacked with the respective programme and risk managers. Action plans will be developed to mitigate these risks

Ongoing Transversal strategic risks impacting the department include

* Water risk
* Budget constraints

The audit committee monitors the risk register on a quarterly basis as well as the status of the relevant action plans. Specific attention has been paid by the audit committee on the readiness of the department to manage water shortages that may arise as a result of the drought.

|  |  |
| --- | --- |
| **Focus Area** | **Action Taken** |
| **Internal Audits completed Quarters 1 and 2** | |
| **Directive on Public Administration and Management Delegations**   * While progress has been made some areas of non-compliance were identified. | Action plans have been agreed by management. Internal Audit will follow-up on the implementation of the action plans when the due dates expire and report back in the quarterly progress report to the Audit Committee. |
| **Quality of Marking**   * Areas for improvement in the areas of resource planning and marking processes were identified |
| **District Financial Monitoring**   * Areas for improvement in the information submitted by districts to head office as well as school oversight by districts were identified * Financial evaluation programmes require standardisation across all districts; |
| **Continuity Planning**   * Consulting assignment on the adequacy of the department’s continuity strategy   **ICT Governance**   * The IT governance charter was assessed as adequate with some areas for enhancement recommended |

**Implementation of Action Plans**

The Audit Committee continues to raise its concern with management regarding the lack of timely implementation of action plans in response to the internal control findings raised by the assurance providers. The Audit Committee continues to monitor the implementation rate quarterly.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Nick Buick - Chairperson