

Department of The Premier: Audit Committee Briefing to SCOPA  
for the year ended 31 March 2021

Department: Vote 1: Western Cape Department of The Premier

Audit committee: Governance and Administration Cluster

Audit committee Chairperson: F. Barnard.

Audit committee Members: A. Davids; M. Kinnes; C Abdoll.

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### 1. Introduction

The role of the audit committee is to ensure that the department functions according to good governance principles, complies with accounting and audit standards and monitors that appropriate risk management arrangements are in place. In addition, the Audit Committee monitors the adequacy and reliability of the financial information provided to all users of such information.

The audit committee continues to assist management in discharging its accountability and responsibilities to safeguard the assets, operate adequate systems and controls and preparing annual financial statements by:

- Improving communication and increasing contact, understanding and confidence between management, internal and external auditors
- Increasing accountability by reviewing the performance of internal and external auditors
- Strengthen the objectivity and credibility of financial reporting
- Supporting Internal Audit who is an important assurance provider to the Audit Committee
- Reducing the opportunity for fraud by continually improving the discipline and control

### 2. Summary of Audit Committee Report 2020/2021

From our review of the internal audit reports, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa, the committee noted that there are no unresolved matters relating to operational and compliance controls.

The Audit Committee has noted the areas of improvement in the system of Internal Control. We acknowledge the corrective measures committed to and commenced by the Department.

### 3 Overview of Audit Committee Activities

#### Action taken

#### 3.1 Compliance with our mandate

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act (PFMA) and Treasury Regulation 3.1 and functioned effectively for the year under review.

As reported in our Annual Report, the Audit Committee has adopted appropriate formal Terms of Reference. We have regulated our affairs in compliance with these Terms, and discharged our responsibilities as contained therein.

The members of the Audit Committee are independent and as a collective have displayed the requisite skills expected of them as set out in the regulations.



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<ul style="list-style-type: none"> <li>• WCG Cloud Computing Implementation and Management (ICT Audit) (Assurance)</li> <li>• Electronic Records and Information Management (Consulting)</li> <li>• Integrated Provincial Strategic Planning (Consulting)</li> </ul> <p>The status of implementation on areas for improvement is a standing item on quarterly Audit Committee agendas, and as such the Committee reviews progress on a quarterly basis.</p> <p><b>3.6 Internal audit function</b></p> <p>The internal audit coverage plan was approved in the context of limited resources. The plan has been met and the reports were submitted quarterly to the Audit Committee.</p> <p>The Audit Committee oversees the implementation of combined assurance principles to ensure that risks not addressed on the Internal Audit plan have been considered or addressed through other assurance providers.</p> <p>The Audit Committee is pleased that the Internal Audit Team completed all internal audits for the year under review.</p> <p><b>3.7 In-year monitoring (IYM)</b></p> <p>The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.</p> <p><b>3.8 Predetermined Objectives (reported in the quarterly performance report QPR)</b></p> <p>There were no findings by the Auditor General on predetermined objectives.</p> <p><b>3.9 Risk management</b></p> <p>During the year further progress has been made with the roll out of Enterprise-Wide Risk Management (ERM) and the alignment to the key risks of the Department.</p>	<p>by the Audit Committee</p>
<p><b>4. Enhancing the effectiveness of the Audit Committee</b></p> <p>The Audit Committee continues to meet annually with the Executive Authority and quarterly with the Accounting Officer to discuss progress with the oversight role of the Audit Committee and to follow up on agreed actions.</p> <p>The Audit Committee recognizes the need to promote sound relationships between all the assurance providers and management.</p>	

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<p>The chairpersons of the Audit Committees have convened as a collective, and regularly engage with Internal Audit, the Auditor General of South Africa, top management, and any other key role players with a view to resolve any transversal issues that may arise, to encourage proactive problem resolution and to promote combined assurance.</p>	
<p><b>5. Emerging Risks</b></p> <p>The Audit Committee notes the emerging risks as presented by the Auditor General and will ensure that these risks are included in the risk profile of the Department and considered in the Internal Audit plan. In particular attention will be paid to the following risks:</p> <ul style="list-style-type: none"> <li>• Modified Cash Standard – Componentisation of assets, transfer of functions, mergers.</li> <li>• Treasury Regulations</li> </ul>	<p>Emerging risks will be considered in the Internal Audit Plan</p>
<p><b>6. SCOPA resolutions</b></p> <p>The Audit Committee notes that SCOPA resolutions previously identified have been followed up and resolved.</p>	<p>The Audit Committee continues to monitor progress with implementation of SCOPA resolutions in the current year.</p>
<p><b>Conclusion</b></p> <p>The Audit Committee noted the outcome of the external audit.</p> <p>Despite challenging circumstances, a severe increase in demand on resources and the impact of COVID 19 on all aspects of life, the department has again received an unqualified audit report with no findings.</p> <p>The Audit Committee commends the department on this excellent achievement which requires dedication of the whole team.</p>	