

## AUDIT COMMITTEE BRIEFING TO SCOPA for year ended March 2021

**DEPARTMENT:** Vote 11 Department of Agriculture  
**MEC and ACCOUNTING OFFICER:** Dr Ivan Meyer & Dr Mohale Sebopetsa  
**AUDIT COMMITTEE:** Economic Cluster  
**ACTING AUDIT COMMITTEE CHAIRPERSON:** Ms Annelise Cilliers

<b>CONTENTS</b>	<b>PAGE</b>
<b>1. INTRODUCTION</b>	2
<b>2. SUMMARY OF AUDIT COMMITTEE REPORT 2020/2021</b>	2
<b>3. OVERVIEW OF AUDIT COMMITTEE ACTIVITIES</b>	
3.1 Compliance with our mandate	2
3.2 Evaluation of the annual financial statements	3
3.3 Review of accounting policies	3
3.4 Review management report and audit report	3
3.5 Internal control	3
3.6 Internal audit function	4
3.7 In-year monitoring	4
3.8 Predetermined Objectives (QPR)	4
3.9 Risk management	4
<b>4. ENHANCING THE EFFECTIVENESS OF THE AUDIT COMMITTEE</b>	5
<b>5. EMERGING RISKS</b>	6
<b>6. SCOPA RESOLUTIONS</b>	6
<b>7. CONCLUSION</b>	6

**1. Introduction**

The role of the Audit Committee is to ensure that the department functions according to good governance principles, complies with accounting standards and monitors that appropriate risk management processes are in place. The Audit Committee also monitors the adequacy and reliability of the financial information provided to 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
- Strengthening the objectivity and credibility of financial reporting
- Supporting Internal Audit who is an important assurance provider to the Audit Committee
- And 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 reports of the Internal Auditors, 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 for improvement in the system of Internal Control of the Department. We acknowledge the corrective actions taken and the actions commenced by the Department subsequent to the year-end.

**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 PFMA and Treasury Regulation 3.1.

In particular the requirements of the Treasury Regulations have been complied with in that a shared audit committee has been appointed in terms of the regulation and functioned effectively for the year under review.

**AUDIT COMMITTEE BRIEFING TO SCOPA for year ended March 2021**

<p>Members of the shared audit committee are independent and have displayed the requisite skills expected of them as set out in the regulations.</p> <p>The Audit Committee's Terms of Reference is reviewed annually and approved by Cabinet; and we have discharged all our responsibilities as contained therein. The latest Terms of Reference was approved on 10 November 2020.</p>	
<p><b>3.2. Evaluation of the Annual Financial Statements</b></p> <p>The Audit Committee notes the AGSA's opinion regarding the Annual Financial Statements, and in addition notes the Department's comments / views on the findings relating to Transfer Payments.</p> <p>The audit committee has obtained explanations for all significant variances from amounts voted to actual expenditure as per the appropriation statement and the restatement of prior year corresponding figures.</p> <p><b>3.3 Review of accounting policies</b></p> <p>The Audit Committee noted that no changes to the accounting policies occurred during the financial year.</p> <p><b>3.4 Review of management report and audit report</b></p> <p>The Audit Committee has discussed the Management report with the Auditor-General and the Management team and has noted Managements' responses.</p> <p>The committee notes the progress the Department has made during the year in implementing corrective actions on previously reported matters.</p> <p><b>3.5 Internal Control</b></p> <p>The Committee deliberated the findings on control areas for improvement highlighted by the Auditor-General with management. The Audit Committee has noted that there were no unresolved matters and those that were reported in the management report will be followed up on a quarterly basis to ensure that these are addressed.</p> <p>The Committee also regularly receives reports on control areas for improvement from</p>	<p><i>Actions contained in Management's response will be monitored on a quarterly basis.</i></p> <p><i>These findings and Managements' corrective actions are monitored by the Audit Committee</i></p>

Internal Audit based on risks identified by management.

### 3.6 Internal Audit

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.

The Audit Committee oversees the implementation of combined assurance principles to ensure that where assurance on areas of importance are not addressed in the internal audit plan, it has been considered or addressed by other assurance providers.

The Audit Committee is pleased that the internal audit team completed all the internal audits for the year under review despite the challenges posed by the pandemic.

The following internal audit engagements were approved by the Audit Committee and completed by internal audit during the year under review:

#### Assurance Engagements

- Veterinary Export Certification
- Extension and Advisory Services
- Student Information Management Systems
- Market Access Programme
- Transfer Payments
- COVID-19 SCM Transactions (Transversal Project)

#### Consulting Engagements

- Water Risk: Water Security Governance (Transversal Project)

The areas for improvements, as noted by Internal Audit during performance of their work, were agreed to by management. The Audit committee continues to monitor the actions on an on-going basis.

#### Follow Up Audits:

The status of implementation on corrective actions is a standing item on the quarterly Audit Committee agenda, and as such the Committee reviews progress on a quarterly basis.

A 81%



**AUDIT COMMITTEE BRIEFING TO SCOPA for year ended March 2021**

<p>The Governance &amp; Administration Cluster Audit Committee also has transversal responsibilities, which relate to Internal Audit transversal responsibilities such as the transversal audit plan and quality assurance and improvement program, Accounting &amp; Financial Reporting, Consolidated Annual Financial Statements and the Provincial Risk Management Process. The chairs of the 5 Western Cape Government Audit Committees attends an extended meeting and are consulted on transversal matters, This committee regularly engage with Internal Audit, Auditor General of South Africa, Provincial Treasury, Top Management and any other key role players with a view to resolving any transversal issues that may arise, to encourage proactive problem resolution to all departments.</p>	
<p><b>5. Emerging Risks</b></p> <p>The Audit Committee notes the Emerging Risks as set out in the Risk Management Report and as presented by the AGSA and will ensure that these risks are considered.</p>	
<p><b>6. SCOPA resolutions</b></p> <p>The Audit Committee noted the outstanding SCOPA resolution to brief and the update the Public Accounts Committee on the matter which is before the Court, without compromising the sub judice rule on the matter.</p> <p>The appeal was subsequently heard and the AGSA withdrew and reissued the audit reports for the financial years 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 in response to the judgment by the Supreme Court of Appeal.</p> <p>Any new SCOPA resolutions will be followed up and monitored during our quarterly review meetings.</p>	<p><i>The Audit Committee will continue monitoring implementation of SCOPA resolutions in the current year.</i></p>
<p><b>Conclusion</b></p> <p>The Audit Committee noted the commitment of the Accounting Officer and his team to address the control deficiencies reported and that the Department once again achieved a clean audit with no findings. This is an excellent achievement that requires dedication of the whole team.</p>	