



Report of the Audit Committee



3.1 Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2009.

3.1.1 Audit Committee members and attendance

The Audit Committee consists of the members listed below and is required to meet four times per annum as per its approved terms of reference. During the current year ten meetings were held.

Name of member	Number of meetings attended
Stewart Patterson (Chairperson)	10
Ms Catharina Sevillano-Barredo	10
Cedric Boltman	8
Ms Ntombi Langa-Royds	8
Motsamai Karedi	7

3.1.2 Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of section 38(1)(a) of the Public Finance Management Act, 1999 (Act No 1 of 1999) and Treasury Regulation 3.1. We further report that we conducted our affairs in compliance with the charter.

3.1.2 The effectiveness of internal control

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control were reported by the internal auditors and the Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

3.1.3 Internal audit

Due to high staff turnover, especially at supervisory and management levels, delays occurred in the formalisation of audit reports, and certain projects in the operational plan were rolled over to 2009/10 with the agreement of the audit committee. We are advised that the audit findings were, however, communicated to management through draft reports. The draft audit reports have since been finalised and we are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits in accordance with its operational plan.

During the year the reporting line for the Forensic Audit Unit was changed from reporting to the Internal Audit Unit to the Risk Management Unit. We only became aware of this in March 2009, when questioning why we had not received any reports on the Forensic Unit. We are concerned that the change could compromise the independence of forensic investigations, particularly as Risk Management does not have the appropriate skills and expertise to manage an effective Forensic Audit Unit. Of equal concern is that no report on the Forensic Unit had been submitted to us for the past year by the reporting date.

3.1.4 Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.

3.1.5 The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

3.1.6 Evaluation of financial statements

We have done the following:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General South Africa and the Accounting Officer.
- Reviewed the Auditor-General South Africa's management letter and management's response to it.
- Reviewed the department's compliance with legal and regulatory provisions.
- Reviewed significant adjustments resulting from the audit.

We concur and accept the conclusions of the Auditor-General South Africa's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General South Africa.

SA Patterson
Chairperson of the Audit Committee
4 August 2009

