

part 3: report of the audit committee

PROVINCIAL GOVERNMENT WESTERN CAPE DEPARTMENT OF COMMUNITY SAFETY (VOTE 4) SHARED AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2005

We are pleased to present our report for the above-mentioned financial year.

Appointment of the Shared Audit Committee

The Department of Community Safety (Vote 4) is served by a Shared Audit Committee appointed under Cabinet Resolution 75/2003 of 23 June 2003 for the 2 year period to 31 March 2005 extended by Resolution 95/2005 for 2 more years to 31 March 2007.

Audit Committee Members and Attendance:

The Shared Audit Committee members attended meetings during the financial year under review, in terms of their adopted Audit Charter, as indicated below:

Member Attended	Number of Meetings
Mr. J.A. Jarvis (Chairperson)	5
Mr. J. January	5
Mr. V.W. Sikobi (resigned May 2005)	1
Mr. R. Warley	4
Mr. P. Jones (appointed April 2005)	0

Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13 and 27(1) (10). The Audit Committee has also regulated its affairs and discharged its responsibilities in terms of the Audit Committee Charter. However it did not address internal audit issues as envisaged in its Charter and the PFMA, due to the suspension of Internal Audit activity in 2003 (Provincial Treasury Circular No. 25/2003).

Effectiveness of Internal Control

In 2004 the Sihluma Sonke Consortium was appointed to develop and transfer internal audit skills to the Provincial Government over a three-year period.

The assessment of Internal Controls by Internal Audit was suspended in 2003 and the Operational Audit Plan was rescheduled to commence in 2005/6, following completion of the Risk Assessment and Process and Control Mapping exercises.

In view of the above the Audit Committee has had to rely on the opinions and work done by the Auditor General in preparing this report.

Various weaknesses relating to the financial administration as well as non-compliance with laws and regulations were identified in the areas of travel and subsistence expenditure, Asset Management, Transfer Payments and Capped Leave. These shortcomings resulted from either a lack of adequately developed management policies and procedures or non-compliance therewith.

The Audit Committee resolved to meet with the Accounting Officer to agree on a course of action to address weaknesses and deficiencies that were emphasized by the Auditor General.

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During the year under review the Audit Committee has promoted better communication and exchange of information between the Forensic Audit, Internal Control units, Internal Audit, and the Office of the Auditor General.

Evaluation of Financial Statements

The Audit Committee has:

- ▲ Reviewed and discussed with the Auditor General and the Accounting Officer (or his/her representative) the audited annual financial statements to be included in the annual report;
- ▲ Reviewed the Auditor General's management letters and the responses thereto;
- ▲ Reviewed significant adjustments resulting from the audit.
- ▲ Reviewed the Auditor General's report.

The Audit Committee concurs and accepts the Audit Opinion of the Auditor General on the Annual Financial Statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

Appreciation

The Audit Committee wishes to express its appreciation to the Provincial Treasury, Officials of the Department, the Auditor General and the Sihluma Sonke Consortium for their assistance and co-operation in compiling this report.



J.A. JARVIS
Chairperson of the Shared Audit Committee
Date: 4 August 2005