



PART 3

Report of the Audit Committee

REPORT OF THE AUDIT COMMITTEE

for the year ended 31 March 2009

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

AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The audit committee consists of the members listed hereunder and should meet at least 2 times per annum as per its approved terms of reference. During the current year 4 meetings were held with only 2 quorated meetings.

Name of member	Number of meetings attended
P Mzizi (Chairperson)	4
R Theunissen	4

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, No. 1 of 1999 and **Treasury Regulation 3.1**. We further report that we conducted our affairs in compliance with this charter.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by the department over financial and risk management is effective, efficient and transparent. The risk management could be misaligned considering that it is based on an outdated risk assessment as the latest risk assessment was performed in 2006.

In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

EVALUATION OF FINANCIAL STATEMENTS

We have:

- 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 report and management's response thereto;
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General of 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.

INTERNAL AUDIT

We are not satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits. The Internal Audit is inadequately resourced and funded, thereby adversely affecting the reliance that the Committee is able to place on the functions of Internal Audit. The latest risk assessment was performed in 2006.

It is also of concern that the Audit Committee comprises only 2 persons from outside the department and believes that additional representation of appropriately experienced persons on the Committee is required.



REPORT OF THE AUDIT COMMITTEE

for the year ended 31 March 2009

AUDITOR-GENERAL SOUTH AFRICA

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



Ms Pumla Mzizi CA (SA)

CHAIRPERSON OF THE AUDIT COMMITTEE

31 July 2009



