

PART 4:
REPORT OF THE
AUDIT COMMITTEE

1. AUDIT COMMITTEE

The audit committee currently comprises of three (3) members. Ms Londiwe Mthembu continued to perform as the Chairperson of the Audit Committee. Ms Magojo continued as a member. Ms Kwinana resigned as a member of the Audit Committee with effect from January 2003 and Mr Zanemvula Jojwana was appointed with effect from March 2003. We welcome Mr Jojwana to the Department and wish him everything of the best. The Internal Audit Directorate also wishes to thank Ms Kwinana for the tremendous contribution that she had made. We look forward to the continued support and contribution from the Audit Committee.

2. AUDIT COMMITTEE CHARTER

An Audit Committee Charter, detailing the role, responsibilities, duties and authority of the Audit Committee was prepared and is currently being reviewed by members. After the required

corrections and amendments have been made, the Charter will be formalised.

3. HEAD OF INTERNAL AUDIT

The Director: Internal Audit was appointed and assumed duties on 01 August 2002.

4. INTERNAL AUDIT CHARTER

The Public Finance Management Act as well as the Treasury Regulations prescribe that the Internal Audit Unit must comply with the Standards for the Professional Practice of Internal Auditing. In pursuance thereof, an Internal Audit Charter, in accordance with the provisions of the Standards was formalised after review by management and the Audit Committee. The Internal Audit Charter sets out the role, responsibilities, duties and authority of the Internal Audit Directorate.

5. INTERNAL AUDIT APPROACH, METHODOLOGY AND REPORTING CONVENTION

The Internal Audit Directorate formulated the audit approach in accordance with the requirements of the Public Finance Management Act and the Treasury Regulations. These prescripts require that a "Risk-Based" approach be followed. The Internal Audit methodology and reporting convention were formulated in accordance with international internal auditing standards. These were reviewed by members and formalised.

6. BUSINESS PLAN, STRATEGIC PLAN AND OPERATIONAL PLAN

During September and October 2002, the Directorate's Business Plan, the three-year rolling Strategic Plan and an Operational Plan for the remainder of the year was prepared, accepted, formalised and implemented.

These plans have all been revised and a new three-year as well

as a five-year Strategic Plans have been prepared and circulated to members.

7. SECRETARY TO THE DIRECTORATE

The secretary to the Directorate joined on 2 September 2002.

8. FRAUD PREVENTION STRATEGY

A comprehensive Fraud Prevention and Anti-Corruption Strategy and Fraud Prevention Policy was compiled based on international standards, industry norms and professional practice. The Chairperson of the Audit Committee has signed both the Strategy and the Policy. These are now in the process of being signed by the Acting Director General.

The Corporate Services Branch has been tasked with the responsibility of putting together a Fraud Prevention Plan in order to implement the provisions of the Strategy and the Policy. The Internal Audit Directorate will review the work done by Corporate Services in this regard.

9. AUDIT WORK DONE

9.1 Internal Audits

During September 2002 and March 2003, internal audits were conducted at eight missions. Recommendations were offered for improvements to the control structure and performance at these missions.

9.2 Special Assignments

The Internal Audit Directorate undertook 4 special assignments during the year under review. The necessary reports were prepared and forwarded for further attention by the Department.

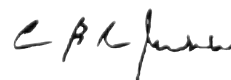
10. ANNUAL FINANCIAL STATEMENTS

The Audit Committee wishes to place on records its thanks to the Deputy Director General: Corporate Services and the staff of the

Office of the Chief Financial Officer for the timely compilation of the Department's annual financial statements. This is no mean feat and its timely completion is a great achievement.

The Audit Committee has reviewed the Department's annual financial statements, the external auditors assessment of the annual financial statements, the management letters issued by the Office of the Auditor General as well as the internal audit reports issued by the Internal Audit Directorate.

The Audit Committee, after considering the work performed by the Office of the Auditor-General (external auditors) and that of the internal auditors, accept the annual financial statement as presented by the Department.



Ms Londiwe Mthembu

Chairperson: Audit Committee