

PART THREE

REPORT OF THE WESTERN CAPE PROVINCIAL GOVERNMENT
SHARED AUDIT COMMITTEE ON THE DEPARTMENT OF SOCIAL
SERVICES AND POVERTY ALLEVIATION VOTE 7 FOR THE
FINANCIAL YEAR ENDED-31 MARCH 2003

2002 - 2003

Department
of Social Services

& Poverty Alleviation

ANNUAL REPORT

Jaarverslag

Ingxelo Yonyaka

3.1 INTRODUCTION

The Audit Committee is pleased to present its report for the above-mentioned financial year.

3.2 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

3.2.1 On 4 May 2000, the Head of the Provincial Treasury, in terms of section 17(2) and 77(c) of the Public Finance Management Act, 1999 (Act 1 of 1999) established a centralised Audit Committee for the Western Cape Provincial Government. The Audit Committee Charter required that the Audit Committee meet not less than four times per calendar year to address internal audit issues. However, since September 2001 this Audit Committee has not been operational due to an inability to appoint qualified members.

3.2.2 Subsequently, the Western Cape Provincial Cabinet (Cabinet Resolution No. 75/2003 dated 30 April 2003) appointed 5 audit committee members as mentioned below on 23 June 2003 for the period 1 April 2003 to 31 March 2005 on the shared Audit Committee.

Members
Mr JA Jarvis (Chairperson)
Ms L Hendry
Mr J January
Mr VW Sikobi
Mr R Warley

3.2.3 The newly appointed shared Audit Committee officially met for the first time on 4 and 5 August 2003 to consider the Auditor-General Reports and the Annual Financial Statements for the financial year ended 31 March 2003 and its Terms of Reference related thereto.

3.3 AUDIT COMMITTEE RESPONSIBILITY

3.3.1 The Audit Committee reports that as it has not had the opportunity to formally consider its Charter, inclusive of Terms of Reference, and that the *Guidelines for audit committee members* and the *Specimen audit committee report* as contained in the National Treasury Guide for the preparation of annual reports for national and provincial departments for the year ended 31 March 2003, pages 31 to 35, has been adopted as its Terms of Reference for the purposes of this report.

3.3.2 The Audit Committee also reports that it has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999) and Treasury Regulation 3.1.13.

3.4 EFFECTIVENESS OF INTERNAL CONTROL

3.4.1 Although an improvement in internal control measures has been noted in respect of the year under review, significant instances of non-compliance with financial policies and prescripts were still reported as qualifications and emphasis of matter by the Auditor-General. In many instances, notwithstanding the fact that control weaknesses have been reported on in previous financial years, it has not been addressed adequately by the Accounting Officer.

3.4.2 The Audit Committee noted the inadequacies of national mainframe systems (such as Socpen) and the resultant poor quality of available management information, impacting on accountability and control. The following corrective actions were indicated by the Accounting Officer:

- Verification and purification of the database.
- Implementation of electronic filing system.
- Improvement of risk management by capacitating the internal inspectorate.
- Continuous improvement of electronic payment controls.
- Restructuring of District Offices to raise accountability.

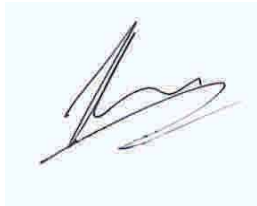
3.4.3 While the Department has a functional risk management activity, it has not been subjected to audit and an opinion as to its effectiveness and resultant impact on the system of internal controls can therefore not be quantified.

3.5 THE QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE DIVISION OF REVENUE ACT

The Audit Committee noted the irregular expenditure reported by the Auditor-General and that a request for *ex post facto* approval for the amount of R63,7 million was submitted to the National Treasury.

3.6 EVALUATION OF FINANCIAL STATEMENTS

- 3.6.1 The Audit Committee has reviewed the Auditor-General's report and discussed the audited annual financial statements included in the annual report with the Auditor-General and the Accounting Officer.
- 3.6.2 The Audit Committee concurs and accepts the conclusions 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.



(JA JARVIS)
CHAIRPERSON OF THE WESTERN CAPE PROVINCIAL GOVERNMENT SHARED AUDIT COMMITTEE

DATE: 6 August 2003



DEEL DRIE

VERSLAG VAN DIE WES-KAAPSE PROVINSIALE REGERING SE
GEDEELDE OUDITKOMITEE OOR DIE DEPARTEMENT
MAATSKAPLIKE DIENSTE EN ARMOEDEVERLIGTING
(POS 7) VIR DIE BOEKJAAR GEËINDIG 31 MAART 2003

2002 - 2003

**Departement
Maatskaplike Dienste
en Armoedeverligting**

JAARVERSLAG

**Annual Report
Ingxelo Yonyaka**

3.1 INLEIDING

Die Ouditkomitee lê met graagte sy verslag vir die bogenoemde boekjaar voor.

3.2 LEDE VAN DIE OUDITKOMITEE EN BYWONING

3.2.1 Op 4 Mei 2000 het die Hoof van die Provinsiale Tesourie ingevolge artikel 17(2) en 77(c) van die Wet op Openbare Finansiële Bestuur, Wet 1 van 1999, 'n gesentraliseerde Ouditkomitee vir die Wes-Kaapse Provinsiale Regering ingestel. Die grondwet van die Ouditkomitee het vereis dat die komitee nie minder as vier keer per kalenderjaar moet byeenkom om kwessies in verband met interne oudit te bespreek nie. Hierdie Ouditkomitee was egter as gevolg van 'n onvermoë om gekwalifiseerde lede aan te stel sedert September 2001 nie operasioneel nie.

3.2.2 Die Wes-Kaapse Provinsiale Kabinet het gevolglik op 23 Junie 2003 vyf lede van die ouditkomitee, soos hieronder genoem, vir die tydperk 1 April 2003 tot 31 Maart 2005 op die gedeelde Ouditkomitee aangestel (Kabinetsbesluit no. 75/2003 gedateer 30 April 2003).

Lede
Mnr JA Jarvis (Voorsitter)
Me L Hendry
Mnr J January
Mnr VW Sikobi
Mnr R Warley

3.2.3 Die pas aangestelde gedeelde Ouditkomitee het op 4 en 5 Augustus 2003 vir die eerste keer vergader om die Verslae van die Ouditeur-generaal en die Finansiële Jaarstate vir die boekjaar geëindig 31 Maart 2003 en die Opdrag wat daarmee verband hou, te oorweeg.

3.3 VERANTWOORDELIKHED VAN DIE OUDITKOMITEE

3.3.1 Die Ouditkomitee doen verslag dat dit nie die geleentheid gehad het om die Handves, waarby die Opdrag ingesluit is, formeel te oorweeg nie, en dat die *riglyne vir lede van die ouditkomitee* en die *Proefverslag van die Ouditkomitee*, soos vervat in die Nasionale Tesourie se riglyn vir die voorbereiding van jaarverslae vir nasionale en provinsiale departemente vir die jaar geëindig 31 Maart 2003, bladsy 31 tot 35, vir die doeleindes van hierdie verslag as Opdrag aanvaar is.

3.3.2 Die Ouditkomitee doen ook verslag dat dit voldoen het aan sy verantwoordelikhede ingevolge artikel 38(1)(a) van die Wet op Openbare Finansiële Bestuur, 1999 (Wet 1 van 1999) en Tesourieregulasie 3.1.13.

3.4 DIE DOELTREFFENDHEID VAN INTERNE BEHEER

3.4.1 Hoewel 'n verbetering in die maatreëls vir interne beheer ten opsigte van die oorsigjaar opgemerk is, is beduidende gevalle van nie-voldoening aan finansiële beleide en voorskrifte steeds gerapporteer. Nieteenstaande die feit dat swak plekke in beheer gedurende die vorige boekjaar aangemeld is, het die Rekenpligtige Beampte in baie gevalle nie behoorlik aandag daaraan gegee nie.

3.4.2 Die Ouditkomitee het kennis geneem van die ontoereikendhede van nasionale hoofraamstelsels (soos Socpen) en die gevolglike swak gehalte van beskikbare bestuursinligting, wat 'n impak op aanspreeklikheid en beheer het. Die volgende regstellende stappe is deur die Rekenpligtige Beampte aangedui:

- Verifiëring en suiwing van die databasis.
- Implementering van elektroniese liasseerstelsel.
- Verbetering van risikobestuur deur die kapasiteit van die interne inspektoraat te vergroot.
- Deurlopende verbetering van elektroniese beheer van betalings.
- Herstrukturering van Distrikskantore om aanspreeklikheid te verbeter

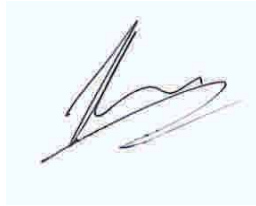
3.4.3 Hoewel die Departement 'n funksionele risikobestuursaktiwiteit het, was dit nie aan oudit onderworpe nie en dus kan 'n mening oor die doeltreffendheid daarvan en die gevolglike impak op die stelsel van interne beheer nie gekwantifiseer word nie.

**3.5 DIE GEHALTE VAN BESTUUR GEDURENDE DIE JAAR EN
MAANDELIKSE/KWARTAALLIKSE VERSLAE WAT INGEVOLGE DIE WET OP DIE
VERDELING VAN INKOMSTE INGEDIEN IS**

Die Ouditkomitee het kennis geneem van die onreëlmatige besteding wat deur die Ouditeur-generaal gerapporteer is. Die komitee het ook kennis geneem van 'n versoek vir *ex post facto*-goedkeuring vir die bedrag van R63,7 miljoen wat aan die Nasionale Tesourie voorgelê is.

3.6 EVALUASIE VAN FINANSIËLE STATE

- 3.6.1 Die Ouditkomitee het die Ouditeur-generaal se verslag nagegaan en die geouditeerde finansiële jaarstate wat by die jaarverslag van die Ouditeur-generaal en die Rekenpligtige Beampte ingesluit is, bespreek.
- 3.6.2 Die Ouditkomitee stem in met en aanvaar die gevolgtrekkings van die Ouditeur-generaal oor die finansiële jaarstate en is van mening dat die geouditeerde finansiële jaarstate aanvaar moet word en saam met die verslag van die Ouditeur-generaal gelees moet word.



**(JA JARVIS)
VOORSITTER VAN DIE WES-KAAPSE PROVINSIALE REGERING SE GEDEELDE
OUDITKOMITEE**

DATE: 6 August 2003



INCANDELO 3

INGXELO JIKELELET

2002 - 2003

I-Sebe LeeNkonza zeNtlalo n
oNciphiso lweNtlupheko

INGXELO YONYAKA

Jaarverslag
Annual Report

3.1 INGABULA-ZIGCAWU

Ikomiti yopicotho zincwadi inovuyo lokuthi thaca le ngxelo yalo nyaka ukhankanywe apha ngentla.

3.2 AMALUNGU EKOMITI EBEKHO

3.2.1 Ngomhla we 4 Mei 2000 iNtloko ye-Ofisi ka Nodyebo wePhondo, ngokuhambelana necandelo 17(2) necandelo(77) yoMthetho oLawula iMali ka1999 yaseka iKomiti yoPicotho-zincwadi yoRhulumente wePhondo leNtshona Koloni. Itshata yale Komiti igunyazisa ukuba le komiti ihlale intlanganiso zayo izihlandlo ezingekho ngaphantsi kwezine ngonyaka ukujongana nemiba yopicotho zincwadi yangaphakathi. Ngo Septemba ka 2001 le komiti ayikhange ibe nakusebenza ngenxa yokungakwazi ukonyula amalungu afanelekileyo.

3.2.2 Emva koku iKhabhinethi yoRhulumente wePhondo leNtshona Koloni (ngokwesindululo 75/2003 nesomhla we 30 April 2003) iye yonyula amalungu amahlanu nanjengokuba kuchaziwe ngezantsi ngomhla we 23 ku Juni 2003 ukusukela kumhla we 1 ku April 2003 ukuya kuthi ga ngomhla wama 31 ku Matshi 2005.

Amalungu
Mnu JA Jarvis (uSihlalo)
Nksk L Hendry
Mnu J January
Mnu VW Sikobi
Mnu R Warley

3.2.3 Le komiti ihlangene okokuqala ngokusemthethweni ngomhla we 4 nowe 5 ku Agasti 2003 ukuqwalasela ingxelo yoMpicothi-zincwadi-Jikelele namaphepha aqulathe ingxelo yenkcitho mali yonyaka ophele ngomhla wama 31 ku Matshi 2003 nemiba ephathelene nayo.

3.3. UXANDUVA LWALE KOMITI

3.3.1 Ikomiti yopicotho-zincwadi ichaza ukuba ayikhange ibe nalo ithuba lokuqwalasela iTshata yayo kudibanisa nemiba ephathelene nayo nezikhokelo zokusebenza kwamalungu ayo nosinga-ngxelo wayo. Nanjengokuba kuqulethwe kwisiKhokelo se-Ofisi ka Nondyebo weSizwe malunga nokulungiselelwa kokuqulunqwa kwengxelo yonyaka yamasebe kaZwelonke neyamaPhondo yonyaka-mali ophele ngomhla wama 31 ku Matshi 2003, iphepha 31 ukuya 35, ithe yamkelwa njengeZalathiso ngenjongo zale ngxelo

3.3.2 Ikomiti yoPicotho-zincwadi ichaza nokuba ihambelene noxanduva olugunyaziswa licandelo 38(1)(a) loMthetho oLawula iMali ka 1999 kwaneMigaqo kaNondyebo 3.1.13

3.4 IGALELO ELIBONAKALAYO

3.4.1 Nangona ikhona inkqubela kumalinge olawulo lwangaphakathi kulo nyaka-mali wengxelo, ukutyeshelwa kwemigaqo-nkqubo elawula imali amaxesha amaninzi kusabonakala kwaye kuphawuliwe nanguMpicothi zincwadi Jikelele. Amaxesha amaninzi, nangona intanda kulawulo bezichaziwe kwiminyaka-mali edlulileyo, ezi ntanda azikangcitywa liGosa elinika iNgxelo.

3.4.2 Ikomiti yoMpicothi iziqwalasele iziphene ezikwisakhelo sikazwelonke esinje ngeSOCPEN kwanolawulo lweenkcukacha olubuthathaka nolu negalelo elibi kuniko lwengxelo nolawulo. I-Gosa elinika iNgxelo licebise la manyathelo alandelayo ukuzama ukulungisa obo buthathaka:

- Ukungqinisiswa nokucocwa kovimba wenkcukacha
- Ukunatyiswa kwendlela yokugcinwa kwefayile kwiikompyutha
- Ukuphuculwa kolawulo lomngcipheko ngokuqeqesha amagosa okuhlola kwangaphakathi.
- Ukuphuculwa kwendlela yolawulo lokwamkelisa nekhomputha
- Ukuhlengahlengiswa kwee-Ofisi zeziThili kunyuse umgangatho wokuthatha uxanduva nokunika ingxelo.

2.4.3 Nangona isebe linomsebenzi wokulawula umngcipheko, alikhange lipicothwe kujongwe igalelo lalo ekucutheni amathuba omngcipheko ngako oko lo mngcipheko awukwazeki ukulinganiseka.

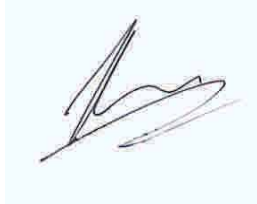
3.5 UMGANGATHO WENGXELO ZONYAKA, EZENYANGA NEZEKOTA ZITHIWE THACA NGOKOMTHETHO WESAHLULELO SENGENISO

Ikomiti yoPicotho-zincwadi iyiphawule inkcitho engekho mqaqweni echazwe nguMpicothi-zincwadi-Jikelele nesicelo sokuphunyezwa kwaloo nkcitho exabisa R63,7 yezigidi emva kwencitho esithiwe thaca phambi kwe-ofisi kaNondyebo kaZwelonke.

3.6 UPHENGULULO LWAMAPHEPHA ENKCAZELO NGEZEMALI

3.6.1 Ikomiti yoPicotho-zincwadi iyiphengulule ingxelo yoMpicothi-zincwadi-Jikelele yakuxoxa nokuqulathwe ngamaphepha enkcazelo ngezemali apicothiweyo noMpicothi-zincwadi-Jikelele kwakunye neGosa elinika iNgxelo.

Ikomiti yoPicotho-zincwadi iyavumelana kwaye iyasamkela isigqibo soMpicothi-zincwadi-Jikelele mayela namaphepha enkcazelo ngezemali kwaye unoluvo lokuba ngamaphepha enkcazelo ngezemali apicothiweyo mawamkelwe kwaye afundwe ngokuhlangeneyo nengxelo yoMpicothi-zincwadi-Jikelele



(JA JARVIS)

USIHLALO WEKOMITI YOPICOTHO ZINCWADI YOLWABELWANO YORHULUMENTE WEPHONDO LENTSHONA KOLONI

DATE: 6 August 2003

