

PROVINCIAL GOVERNMENT WESTERN CAPE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING (VOTE 8) SHARED AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2006

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

Part 3 Report of the Audit Committee

Appointment of the Shared Audit Committee

The Department of Local Government and Housing (Vote 8) 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, which was extended by Resolution 95/2005 for 2 more years to 31 March 2007.

Audit Committee Members and Attendance:

The Committee consists of the independent members listed hereunder, is required to meet at least 4 times per annum as per its approved Terms of Reference. During the current year 11 meetings were held:

Member	Number of Meetings Attended
Mr J.A. Jarvis (Chairperson)	11
Mr J. January	9
Mr P. Jones	11
Mr R. Warley	7
Mr V.W. Sikobi	(resigned May 2005)

Audit Committee Responsibility

The 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 Committee has also regulated its affairs and discharged its responsibilities in terms of the Audit Committee Charter.

Effectiveness of Internal Control

During the year under review the Risk Assessment and Control Mapping exercises and the 1-year Operational Internal Audit Plan, were completed.

The 1-year Operational Internal Audit Plan which was approved by the Committee in April 2005 identified 17 high risk areas. However, due to budgetary constraints, the Plan was amended in September 2005, to cover only 11 audit areas.

Internal Audit and the Auditor-General highlighted a number of critical and significant control weaknesses in respect of:

- Regional Coordination
- Municipal Infrastructure Enhancement
- Strategic Planning and Research
- Housing Project Approval
- Housing Subsidy Administration
- Policy and Strategic Support
- Management Accounting
- Communication Special Projects
- Rental Housing Tribunal
- Housing Property Management and
- People Housing Process
- Asset Management
- Non-compliance with Treasury Regulations regarding settlement of invoices

The Committee noted that management undertook to implement the recommended corrective actions.

Internal audits were conducted on the transversal IT systems of the Province.

The Committee acknowledges that e-Innovation provides the IT service to this department. The Committee wishes to emphasize the importance of the Department ensuring that a service level agreement is concluded with e-Innovation to address future technology and training requirements.

The Committee further acknowledges that the responsibility for addressing control weaknesses identified by the Internal audit vests with e-Innovation. The Committee will follow-up on the implementation of corrective action in the 2006/07 financial year.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Committee has not reviewed the quality of in-year management and monthly/ quarterly reports submitted in terms of the PFMA and the Division of Revenue Act, but has relied on the feedback of the Auditor-General who has not reported adversely in this regard.

Evaluation of Financial Statements

The Committee has,

- Reviewed and discussed the audited annual financial statements included in the annual report with the Auditor-General and the Accounting Officer
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the Auditor-General's report.

The Committee concurs and accepts the Auditor-General's conclusions 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 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: 10 August 2006