

DEPARTMENT OF TRANSPORT
KWAZULU-NATAL
UMNYANGO WEZOKUTHUTHA



REPORT OF THE AUDIT COMMITTEE

Part 5

REPORT OF THE AUDIT COMMITTEE

In compliance with the Treasury Regulation 3.1.13 read in conjunction with the Public Finance Management Act, the Audit Committee hereby submits this report covering the fiscal year 2001/2002.

The responsibility to implement sound systems of internal control, risk management and governance lies with the management of this department. Our responsibility is to review such systems for adequate design and effective operation and issue assurance and guidance to management on how to effect improvements.

This report serves to communicate our overall impression of the systems of internal control and management employed by this department during the period under review. This duty is being carried out in terms of the Treasury Regulations.

SCOPE

The Audit Committee acts as a source of advice to the Head of Department and its functions are discharged by utilizing the services of the Internal Audit Unit. Its key responsibilities are to:

- Assess and comment on the Department's corporate governance, including its systems of internal control incorporating the internal audit function and risk management processes.
- Review and comment on the adequacy and reliability of financial information provided to management and other users of such information.
- Assess the Department's compliance with the legal and regulatory provisions.

The Audit Committee, supported by the Internal Audit Unit, is a vital element in helping the department in meeting its corporate governance objectives. It provides advice and support to:

- Head of Department – about the Department's effectiveness and efficiency
- Senior Management – about the risks that threaten the achievement of their objectives, and their internal control systems designed to mitigate risks.

During the 2001/2002 fiscal year, the Audit Committee, through the Internal Audit Unit, conducted a wide range of audits and investigations as outlined in the Unit's Annual Audit Report. The Committee, in its first full year of functionality undertook to gain an understanding of the processes and functions undertaken by this Department. A risk assessment exercise was undertaken during the current year. The final risk assessment report led to the development of a Three Year Rolling Strategic Plan as well as an Annual Audit Plan for the Department. The audit plans focused on the more critical areas that required corrective action.

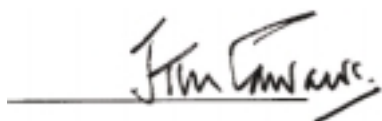
In particular, the Internal Audit Unit undertook:

- 2 compliance and business improvement audits,

In addition, the Internal Audit Unit developed the Department's fraud prevention and ethical awareness strategies.

OPINION

It is our view, as the Audit Committee, from the reports submitted for our attention and the recommendations made by the Internal Audit Unit that improvements in the systems of internal control, risk management and corporate governance are still necessary and that improvements are being undertaken by the management of the Department of Transport and are to be reviewed by the Internal Audit Unit.



Mr JTM Edwards
Chairperson of the Audit Committee
15 August 2002

Other Audit Committee Members:
Mr BP Campbell
Adv BS Khuzwayo
Mr R Morar
Mr DSD Shabalala
Adv RK Sizani
Prof RW Green-Thompson