

## Audit Committee Report



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# REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

## AUDIT COMMITTEE MEMBERS

The Audit Committee comprises the following members:-

Messrs JA Boyd (Chairperson), WJ du Preez, KD Nkadimeng and J. Sindane (Director General: DWAF).

During the year under review the Audit Committee held four meetings.

## AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

The Audit Committee has addressed itself to the financial statements of the following units during the period under review:

- Department of Water Affairs and Forestry – Vote 34
- Water Trading Account
- Equipment Trading Account
- Forestry Recreation and Access Trust

## INTERNAL CONTROL

Whilst the members of the Audit Committee believe that the system of internal controls largely covers organisational, financial and operating risks, control weakness are periodically identified during the Internal and External audit processes. The committee closely monitors management's actions to remedy these breaches.

## RISK MANAGEMENT

The department has developed and approved a risk management strategy. This strategy is the foundation for a continuous risk assessment process and for managing and monitoring of risks on an ongoing basis.

## INTERNAL AUDITING

The Internal auditing provides a supportive role for management and the Audit Committee to achieve their objectives by assisting in the management of risk within the department.

The internal audit unit is responsible for independent and objective evaluation of the department's system of internal control at a detailed level and to bring any significant business risks and exposures to the attention of management and the committee through the provision of comprehensive internal audit reports.

## MATTERS REQUIRING SPECIFIC MENTION

The committee notes with concern, the Auditor-General's Disclaimed Audit Opinions on the financial statements of both the Equipment Trading Account and Water Trading Account, as well as the Qualified Audit Opinion of Vote 34. Management will be required to implement corrective measures to address the concerns raised by the Auditor-General that gave rise to the above-mentioned opinions.

## EVALUATION OF FINANCIAL STATEMENTS

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.



**MR JA BOYD**  
**DATE: 30 AUGUST 2006**  
**Chairperson of the Audit Committee**