



FREE STATE PROVINCIAL GOVERNMENT

Department of Social Development Vote 7

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 March 2006



2005-2006 Annual Report

Report of the Audit Committee

Report of the Audit Committee required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999

We are pleased to present our report for the financial year ended 31 March 2006.

Audit Committee Members and Attendance

The audit committee consists of the three members and meets four times per annum as per its approved terms of reference. Three meetings were held during the 2005/2006 financial year.

A new Audit Committee was appointed on 13 June 2006. Listed below are the members of the committee.

1. Mr. Jack Motloun – Chairperson
2. Ms Lindiwe Ndaba – Committee Member
3. Mr. Fani Moloi – Committee Member

Audit Committee Responsibility

The Audit Committee 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 discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review internal and external auditors reported several instances of non-compliance that resulted from a breakdown in the functioning of controls. Some control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. In certain instances, the weaknesses reported previously have not been fully and satisfactorily addressed. The effect of these instances has been included in the annual financial statements and the report of the Auditor General.

Evaluation of Annual Financial Statements

The Audit Committee has

- Evaluated and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer;
- Evaluated the Auditor-General management letter and management's response thereto;
- Evaluated significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General 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.



Chairperson of the Audit Committee