

# FEEDBACK FROM THE AUDIT COMMITTEE FORUM



**finance**

Department:  
Finance  
MPUMALANGA PROVINCIAL GOVERNMENT



# OVERVIEW

- Background
- Items discussed during the AC forum
- Debt Management Forum
- Supply Chain Management
- The use of Internal Audit Work by the Auditor General

# BACKGROUND

- An effective Audit Committees help raise the profile of Internal Control, Risk Management and Financial Reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by Internal and External Auditors.
- A quarterly Audit Committee Forum was held with Audit Committee chairpersons from Departments and Public Entities.

# ITEMS DISCUSSED DURING THE AC FORUM

- Debt Management Forum
- Provincial Litigation
- Supply Chain Management Report
- The use of Internal Audit work by Auditor General
- 2013/14 FMCMM results for Departments

# DEBT MANAGEMENT FORUM

- The presentation on debtors represents the audited amounts
- Most debts realised emanates from ex-employees not terminated on time in the system, patient administration in hospitals and the centralisation of systems.
- Provincial Treasury has provincial policies and procedures in terms of debts available for departments to adopt.
- Audit of debtors should be used as an indicator of control weaknesses to ensure that it is given the necessary responsibility.
- A strategy to reduce debts will be presented at the next Audit Committee forum

# SUPPLY CHAIN MANAGEMENT

- The report reflects on instances whereby some of the departments in the province deviated from the normal competitive bidding process for the period 1 June to 31 August 2013.
- The recent assessment on deviations revealed that some departments withhold/prefer not to submit reports on deviation to the Provincial Treasury.
- To enhance compliance, the Internal Audit or Performance Management Units attached to the different departments will be engaged in ensuring that all matters involving deviations are (submitted)reported as required.

# THE USE OF INTERNAL AUDIT WORK BY THE AUDITOR GENERAL

- From the presentation that was given at the Internal Audit retreat, It was agreed that the matter be discussed in detail during the next Internal Audit forum as well as the Audit Committee forum
- During their audit they consider the departmental risk assessment and the review of control environment by the relevant Internal Audit unit
- It was emphasized that Internal Audit should concentrate on the evaluation of the effectiveness of internal controls, Risk management and Governance Processes by putting much focus on recommending the improvement of root causes

# THE USE OF INTERNAL AUDIT WORK BY THE AUDITOR GENERAL (CONT...)

- Findings of internal audit should be based on identifying Internal control weaknesses as that would assist in identifying root causes and providing relevant recommendations.
- The Audit Committee members should provide areas of concern for their respective Departments and Public Entities in order for the AG to provide training on the specific issues raised.

Thank you!!!