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## RESOLUTIONS OF THE PROVINCIAL PUBLIC ACCOUNTS COMMITTEE

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### FIRST REPORT 2010

### RESOLUTION NO. 10

(As presented to the North West Legislature)

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#### REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO: 12 DEPARTEMENT OF SOCIAL DEVELOPMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009.

The Committee, having heard evidence on 3 February 2010 on the aforementioned Report of the Auditor-General (AG) for the financial year 31 March 2009, **wishes to express its concern over the following:**

1. The historical details of unauthorised expenditure could not be obtained. Unauthorised expenditure amounting to R249 966 000 in respect of prior years as disclosed in note 7 to the financial statements, had not yet been dealt with in accordance with section 34 of the PFMA.
2. 55% of leave forms were captured in excess of thirty days after leave has been taken. No approved leave could be presented for staff members indicated as absent from work on the attendance register. This is an indication that there were various control weaknesses with regard to the leave system.
3. A material number of major capital assets acquired subsequent to 1 April 2002 were not recorded at cost, due to the cost not being available as the department had not kept full and proper records as required by section 40(1)(a) of the PFMA and Treasury Regulation (TR) 17.2.3.
4. Irregular expenditure from the current year amounting to R30 018 000 as disclosed in note 20 is still awaiting condonation.
5. The annual performance plan of the department did not include the targets of the entity's sub-programmes for the data elements.
6. The annexure to reported performance information pertaining to the data elements in the annual report did not classify the performance indicator and target against the pre-determined objectives of the entity's sub-programmes.
7. The department did not maintain a sufficient system and internal controls to ensure an effective and efficient monitoring, measurement and review of performance management.
8. The annexure to the performance information pertaining to the data elements in the annual report does not report on all the targets and actual output
9. Certain targets with regard to the social welfare service specific, measurable and time-bound.
10. Sufficient appropriate audit evidence with regard to the reported performance information of the department could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information.
11. An assessment could not be performed of the reliability of the reported performance information, since the information was not received in time for audit purposes.

**The committee recommends that:**

1. The unauthorised expenditure from prior years should be investigated **on or before 31 May 2010** and submitted to the relevant authority.
- 2.1 Adequate control measures should be implemented **on or before 31 May 2010** with regard to the leave system.
3. The classification of all assets should be assessed **on or before 31 May 2010** to ensure full compliance with the disclosure requirements.
4. The irregular expenditure from the current year amounting to R30 018 000 should be investigated and submitted to the relevant authority **on or before 31 May 2010**.
5. Control measures should be implemented **on or before 31 May 2010** to ensure that the department submits its annual performance plan, which includes all the required information, to the legislature in accordance with Treasury Regulations.
6. Control measures should be implemented **on or before 31 May 2010** to ensure that the performance indicator and target against the pre-determined objectives of the entity's sub-programmes are correctly classified.
7. A sufficient system and internal controls to ensure an effective and efficient monitoring, measurement and review of performance management should be implemented **on or before 31 May 2010**.
8. Control measures should be implemented **on or before 31 May 2010** to ensure that the department reports on all the targets and actual output
9. Control measures should be implemented **on or before 31 May 2010** to ensure that all targets are specific, measurable and time-bound.
10. The information system used for generating performance information should be improved **on or before 31 May 2010** to facilitate the preparation of accurate and complete actual performance information.
11. Control measures should be implemented **on or before 31 May 2010** to ensure that the reported performance information is submitted in time for audit purposes.