
RESOLUTIONS OF THE PROVINCIAL PUBLIC ACCOUNTS COMMITTEE

FIRST REPORT 2010

RESOLUTION NO. 2

(As presented to the North West Legislature)

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO: 2 NORTH WEST PROVINCIAL LEGISLATURE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009.

The Committee, having considered evidence 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. As disclosed in note 27 to the financial statements the total amount of non - residential buildings include the buildings that will be transferred to the Department of Public Works. The transfer will be finalised in the 2010/11 financial year when all conditions relating to the agreement between the two departments are met.
2. Irregular expenditure to the amount of R8.3 million was incurred due to weaknesses identified in the procurement system.
3. Accruals which exceeded the payment terms of 30 days amounted to R5.2 million. This amount in turn exceeded the voted funds to be surrendered by R1.7 million. The amount of R1.7 million would therefore have constituted unauthorised expenditure should the invoices have been paid in time.
4. Deficiencies were identified in internal control relating to the compliance with laws and regulations.
5. Prior year audit findings were not substantially addressed and there is an urgent need to appoint a performance manager to implement control procedures to ensure the accuracy and completeness of performance information.
6. The accounting officer did not ensure that the Provincial Legislature has and maintains an effective, efficient and transparent system and internal controls regarding performance management.
7. An assessment could not be performed on the reliability of the reported performance information, since the information was not received in time for audit purposes.

The committee recommends that:

1. The department should ensure that the immovable assets referred to in note 27 to the financial statements are transferred to the Department of Public Works on **1 April 2010**.
2. The weaknesses identified in the procurement system that caused the irregular expenditure to the amount of R8.3 million should be addressed **on or before 04 May 2010** and the irregular expenditure should be reported to the relevant authority.

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3. Control measures should be implemented **on or before 04 May 2010** to ensure that payments are made within 30 days to comply with Treasury Regulations. These control measures should be monitored on an ongoing basis.
 4. Control measures should be implemented **on or before 04 May 2010** to ensure compliance with the laws and regulations and these measures should be monitored on a regular basis.
 5. Reasons should be submitted to the committee **on or before 04 May 2010** why the Provincial Legislature did not substantially address prior year audit findings.
 6. An effective, efficient and transparent system and internal controls regarding performance management should be implemented **on or before 04 May 2010**.
 7. Control measures should be implemented **on or before 04 May 2010** to ensure that the reported performance information, is received in time for audit purposes.