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# AUDIT REPORT

## MATTERS OF EMPHASIS

### 1. **General Computer Controls**

A follow-up review of control weaknesses identified in the information systems environment was done. Progress had been made in resolving some of the reported weaknesses, but control deficiencies in the general computer control environment of the Fund still exist in respect of the following:

- **Security administration and monitoring**
- **Logical access security**
- **Monitoring of user and administrator activity at the network, operating system, application and database levels**
- **Inadequate succession planning in relation to key people who support the business critical applications.**



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# CORRECTIVE ACTIONS

## ■ Strategic

- Address findings as a project
- Full-time project manager appointed
- Project plan finalized with target dates
- Departmental IT Audit Forum established to oversee progress



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# CORRECTIVE ACTIONS contd.

## ■ Operational

- Reduction of server administrators
- Legal notice appears when users log on
- Intellectual property documented and knowledge shared between resources
- IT policies drafted - implementation 1/11/2006
- Password strengthening implementation from 1/11/2006
- 30 day password changes enforced
- Dormant accounts locked after 90 days
- Disaster recovery plan finalized



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# AUDIT REPORT MATTERS OF EMPHASIS contd.

## 2. Internal Control weaknesses

The effectiveness of the control environment was negatively influenced by the lack of formal routine and approved policies and procedures, inadequate management information and inadequate supervision and review.



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## **CORRECTIVE ACTIONS**

- Standard operating procedures and policies across all operational areas reviewed
- System enhancements and upgrade of financial system and claims management system
- Critical management positions identified to be filled in the 3<sup>rd</sup> quarter.



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# Annual Report 2005/06

## Challenges

- Capacity to process and finalize claims timely
- Re-designing business processes and aligning the structure of the fund while still meeting clients needs
- Infrastructure for decentralization of functions to Provincial Offices and Labour Centers
- Reduce long delays and improve quality in section 51 and 56 hearings
- Infrastructure for rollout of the Provincial Medical Advisory Panels
- Non compliance with COIDA by employers and late reporting of accidents.



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# IMPLEMENTATION OF WORKPLAN

## April - September 2006

### Finance and Revenue Generation

- R1,8 billion collected v R1,4 billion previous year – 24% increase
- Investment Income exceeds targets
  - Compensation: target 8,3% actual 8,4%
  - Pension: target 9,3% actual 10,6%
- No unauthorized or fruitless expenditure
- 98% payments to pensioners and service providers by Electronic Funds Transfer
- Amount assessed increased from R1,7 billion to R2 billion – 14,8%
- Registered Employers increased from 295 651 to 313 864 – 6,2%



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# IMPLEMENTATION OF WORKPLAN 2006/07

## Claims management

- Total Claims registered 339 595
  - 237 996 in 2005/6
  - 101 599 up to 30 September 06
  
- Total claims adjudicated 171 059 (50%)
  
- Total claims finalised and paid 109 930  
(These exclude backlog claims up to 2004)





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## **CLAIMS MANAGEMENT contd.**

### **BACKLOG MANAGEMENT**

(claims from January 2000 up to December 2004)

- 1 216 224 claims registered, and 999 416 claims adjudicated to determine liability
- 649 620 (65%) of claims not payable as employee off duty for less than 4 days
- 126 415 claims finalised and compensation paid
- 223 381 still to be finalised
- 15 254 repudiated
- 201 554 still to be adjudicated – additional information requested



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# **MANAGEMENT REFORMS AND RESTRUCTURING:**

## **TURNAROUND STRATEGY DEVELOPED**

### **STRATEGIC OBJECTIVE 1:**

**Establish an effective integrated claims and revenue management system**

### **KEY OUTPUTS:**

- Streamlined, automated processes to improve service delivery by September 2007
- Integrated Client Database by March 2007



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## **STRATEGIC OBJECTIVES contd.**

### **STRATEGIC OBJECTIVE 2:**

**Refocus the CF for efficient and improved service delivery**

#### **OUTPUTS**

- Restructure the Fund for decentralised service delivery (functions to Provincial offices and labour centers)
- Create multiple channels for service delivery to enhance accessibility for all client segments
- Build organisational capability by improving Human Resource Development and providing necessary infrastructure
- Focused performance management with high levels of accountability
- Strengthen capacity for strategic planning and management of strategy implementation



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## **STRATEGIC OBJECTIVES contd.**

### **STRATEGIC OBJECTIVE 3:**

**Effective implementation of an advocacy, communication and marketing strategy**

#### **OUTPUTS:**

- Clients and stakeholders empowered on Compensation Fund services for increased awareness
- Develop and implement a communication strategy and continuously measure its effectiveness
- Client satisfaction survey conducted annually
- Targeted advocacy programme, which is sector and issue specific implemented and monitored