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# Audit Action Plan 06/07

29 October 2007

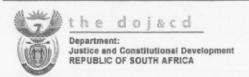


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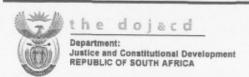
Action plan to resolve defic	Progress to date	
Audit Action Plan in relation to Regional Audit Findings.	Analyse and evaluate all Internal and External audit findings per region in order to identify the cause/s of the reported audit findings.  All transversal problem areas will be identified and discussed with the regions during scheduled visits.  Agenda items will include – Discussion on CFO/Narrative analysis; Audit Action Plans developed by Regional Head/Branch Head and Mechanisms for regular reporting and monitoring by CFO.	8 Regions finalised. Outstanding region – NWest  Planned dates for visits: KZN – 6 Nov 2007 Gauteng – 7 Nov 2007 Limpopo – 8 Nov 2007 Mpumalanga – 12 Nov 2007  Awaiting suitable dates for: Northern Cape Western Cape Eastern Cape Free State



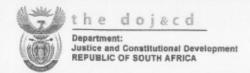
GDA	04/05	05/06	06/07	Main Finding
Third Party Funds (MIT) should not be separately disclosed but should be part of the Vote.		Q	Q	05/06 = Completeness of receivable for departmental revenue i.r.o MIT could not be confirmed due to lack of efficient, effective financial management system in the Monies in Trust Account.  06/07 = National Treasury provided direction on 15 August 2007 - single set of Annual Financial Statements for both Vote and Third Party Funds. Third Party Funds not regarded as a separate reporting entity.



Area	04/05	05/06	06/07	Main finding
Contingent liabilities (Monies in Trust deficit).	EOM	EOM	EOM	Can not quantify deficit between cashbook balance and cash in banks due to lack of an effective and efficient financial management system.



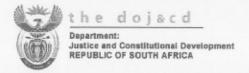
Action plan to resolve de	Progress to date	
06/07= National Treasury provided direction on 15 August 2007 that bank balances and liabilities to be included in Vote annual financial statements.	Meeting with National Treasury to be held to discuss the way forward with the accounting treatment.  Due date: 30 Sept 2007  Establish a Committee for formalising the accounting treatment.  Due date: November 2007	Meeting scheduled for 20 September 2007 did not materialise.  CFO, COO, Alan Mackenzie Elna Erasmus, Nico van Harmelen, Accounting Standards Board, National Treasury / Accountant- General, Auditor-General.  Obtained expert advice from UCT.
	Public Private Partnership project to resolve the inadequate management of MIT accounts.	TA 1 approval: September 2004.  Closing date for MIT PPP tender: 5 February 2007.



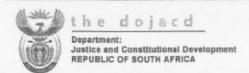
Action plan to resolv	Progress to date	
06/07= National Treasury provided direction on 15 August 2007 that bank balances and liabilities to be included in Vote annual financial statements.	January to March 2008  • Signing of the PPP agreement with preferred bidder.  • Initiate the development of all PPP systems.  • Roll-out of EFT Maintenance payment option (190 courts & 38 128 beneficiaries paid in August 2007).  April to June 2008  • Finalize the development of the PPP maintenance system and acceptance thereof by DOJ.	Evaluation completed and recommendations forwarded to DG on 20/08/07.  DG approved RfBAFO on 15 October 2007.
	July to December 2008     Roll out of PPP maintenance system to all courts.	



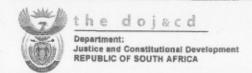
Area	04/05	05/06	06/07	Main Finding
Asset management.	EOM	-	Q	Ineffective asset management:
				•Not all additions for the year on the asset register;
				<ul> <li>Asset counts in regions not sufficient as existence of assets in regions could not be verified;</li> </ul>
				•Assets in regions could not be traced to the asset register;
				Asset register does not agree with closing balance.



### Progress to date Action plan to resolve deficiencies Meeting held with National Treasury to Ineffective asset National Treasury to provide training for Asset Controllers. arrange for training. management: Due date: October 2007. Training to 59 Asset Controllers on 23.24 & 25 Oct 2007. Another session Not all additions for the year on to be held on 7,8 & 9 Nov 2007. the asset register. Asset counts in regions not Recommendations made to DG sufficient as the existence of Appointment of Asset Managers in appointment of Asset Managers in assets in regions could not be the regions. regions (part of organizational reverified. design process). Re Aga Boswa ·Assets in regions could not be Financial Management structure traced to the asset register. provides for financial expertise in Asset register does not agree courts. DG yet to approve roll-out of with closing balance on the Re Aga Boswa recommendations. financial statements. Scanners to be implemented for Bids invited. Shortlist 15 October asset verification to decrease the 2007. time spend on asset verifications and to improve accuracy. Testing scanners 6 Nov 2007. Award tender by 9 Nov 2007. Due date: December 2007.



# Action plan to resolve deficiencies Progress to date Ineffective asset management: Increased follow up by National Officers/Regions reminded that asset Office on the status of assets by verification reports were due on performing spot checks after asset 15/9/07. ·Not all additions for the year on verifications. the asset register. Partial information received. Letters to Due date: Continuous. relevant Heads requiring corrective Asset counts in regions not action by 31 October 2007. sufficient as the existence of assets in regions could not be verified. ·Assets in regions could not be traced to the asset register. Will liaise after receipt of asset Close liaison with Regional Heads ·Asset register does not agree verification reports. on outcome of asset verifications with closing balance on the and spot checks. Spot checks in regions: financial statements. Due date: Continuous. Limpopo: 16-18 Oct 2007 (Finalised) Gauteng: 29-30 Oct 2007 KZN: 6-7 Nov 2007



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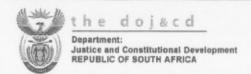
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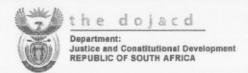
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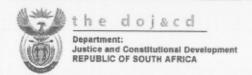
Area	04/05	05/06	06/07	Main Finding
General controls on the computer environment.		-	EOM	IT security policy not approved and not adequate because not addressing physical security of resources and emergency procedures.  Disaster recovery plan not developed.  IT positions vacant resulting in incompatible functions due to staff shortages.  Newly appointed consultants did not have security clearances/sign confidentiality agreements to access critical systems.
			EOM	JYP - Change control procedures not formally approved.  Changes to systems not subjected to comprehensive user testing before being migrated to live production environment.  User account management procedures not formally established.



Action plan to resolv	Progress to date	
IT security policy not approved and not adequate because not addressing physical security of resources and emergency procedures.	Approval of policy.  Due date: End of December 2007	The Policy Document has been formulated and distributed within ISM for comments and review. The inputs from ISM has been incorporated. The document to be submitted to Chief Directorate Risk Management and NIA for their review.
	Inadequate IT Security Policy.  Due date: End of December 2007	Physical security is being addressed by the Risk management unit. Presentation at SMF for August and circulated to senior management for inputs.
		Physical security at the servers and emergency procedures is being incorporated in IT security policy.



## Action plan to resolve deficiencies Progress to date Disaster recovery plan The Department embarked upon the first phase of the Proposals have been not developed. DRP Strategy, namely the Assessment Phase. requested Telkom and SITA for the hosting of the During this process the following documents have been DRP site. Proposals developed: received but due to the - The DRP Strategy Document monthly operational - Business Impact Analysis expenses (rental cost) - "AS IS Design" neither Telkom or SITA to - Future High Level Design be utilised. Identified Randburg Magistrate Court as DRP site. Due date for completion of the plan: Mid December 2007. Identifying critical equipment and applications to be housed at the DRP site. This exercise is expected to be completed by mid November 2007. The budget Opex requirements is a constraint currently, but will be addressed with CFO's office.



Action plan to resolv	Progress to date			
IT positions vacant resulting in incompatible functions due to staff shortages.	Awaiting the approval of ISM structure.	BPI investigation in progress.  DG involved with the structure of ISM and mad some changes to the current structure.		
Newly appointed consultants did not have security clearances/sign confidentiality agreements to access critical systems.	Newly appointed consulted are required to sign Non Disclosure Agreements pending the formal security vetting through the SAPS and NIA process.	This is a continuous process. All consultants currently in our employ have signed the Non-Disclosure Agreements if no Security Clearance exist.		

