



A U D I T O R - G E N E R A L

**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL
LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 1 – OFFICE OF THE
PREMIER OF THE MPUMALANGA PROVINCIAL ADMINISTRATION FOR THE YEAR
ENDED 31 MARCH 2003**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 14 to 45, for the year ended 31 March 2003, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 40 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Office of the Premier at 31 March 2003 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.



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4. **EMPHASIS OF MATTER**

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 MATTERS NOT AFFECTING THE FINANCIAL STATEMENTS

4.1.1 Subsidised vehicle transport

The subsidised vehicle scheme had not been managed in terms of the subsidised vehicle policy and the following weaknesses had not been dealt with in terms of the provisions of the said policy:

- Certain officials had not submitted log sheets for specific months.
- The minimum kilometres to be travelled in a year had not been met by numerous officials.

4.1.2 Unauthorised expenditure

As reflected in the balance sheet and note 11 to the financial statements, the department incurred unauthorised expenditure of R1 178 000,00 on programme 1.

4.1.3 Vehicle fleet management


First Auto reports were not scrutinised by transport officers, and exceptions were therefore not regularly followed up to ensure the efficient operation of the fleet. Consequently, the performance of vehicles had not been evaluated against predetermined standards to ensure the cost-effectiveness and optimal utilisation of the Office of the Premier's vehicle fleet.

The following are examples of the negative outcomes resulting from the above inadequate internal control measures, which the Office of the Premier should urgently attend to: The transport officers were not familiar with the First Auto website to enable them to draw all relevant exception reports and to take timeous actions where needed.

- Vehicles not being utilised for long periods.
- The abnormal frequency of repairs to and maintenance of some vehicles.
- Vehicles not being serviced within the prescribed service intervals.

5. **APPRECIATION**

The assistance rendered by the staff of the Office of the Premier during the audit is sincerely appreciated.



ND MAPHIRI

for Auditor-General

Nelspruit

31/07/2003

PR 107/2003 ISBN 0-621-34461-3