

**MANAGEMENT REPORT  
for the year ended 31 March 2003**

**Report by the Accounting Officer to the Executive Authority and the Legislature on the financial performance, financial position as well as the activities of the Office of the Premier for the financial year ended 31 March 2003 submitted in terms of section 40(1) (C)(i) of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999).**

**1. General review of the state of financial affairs**

As it was the case in the 2001/2002 financial year, the Office of the Premier had spent within its allocated budget in the current financial year. While the Income Statement will reflect a surplus of R1, 121 million, this amount however had been already earmarked for capital expenditure which will be expended in 2003/2004 financial year.

The Office spent R99 870 million of its voted R100 991 million. The surplus is attributed to capital expenditure as alluded above.

**1.1 Important policy decisions and strategic issues facing the Office**

The Office is responsible for monitoring and co-ordinating the implementation of policies as well as provincial priorities that are set out by the Executive Council.

Strategic issues facing the Office of the Premier are as follows:

- Ensuring integrated planning and alignment.
- Co-ordinated social services delivery between the different spheres of Government.
- Compliance of sector departments to the priorities of the Province.
- Retention of scarce skills.
- Implementation of Performance Management Framework.

**2. Service rendered by the Office**

2.1 The broad objectives of the Office of the Premier as outlined in the Strategic Plan amongst others are:

- Provision of private secretariat and administrative services to the Premier and the Director-General.
- Co-ordination of policy processes within the Provincial Government.
- Rendering of corporate service functions such as Labour Relations, Human Resources Development, Workstudy and Job Evaluations as well as Human Resources Policy Co-ordination.
- Management of Intergovernmental and International Relations and Protocol.
- Management of a coherent and co-ordinated government communication service.
- Rendering of Legal Advisory Services to the Provincial Government.
- Improvement of Internal Controls to ensure good governance.
- Development and Maintenance of Provincial Macro policies and strategies.
- Facilitation, monitoring and evaluation of the implementation of national transformation frameworks and policies.

## **2.2 Tariff Policy**

The Office has revised the tariff for the advertisement in the government gazettes. The tariff was increased from R22.85 to R25.00 per running centimeter with effect from January 2003.

## **2.3 Free Services**

The Office offers no free services.

## **3. Capacity Constraints**

The Office as a Strategic center does not have capital projects or programmes. The Office operated on full capacity and there were no major staff turnover during the reporting period.

## **4. Utilisation of donor funds**

The Office received donor funds from the following organizations:

Ingwe Coal Mining Incorporation	-	R539 930.03
GTZ	-	R51 000.00

The fund from Ingwe Coal Mining was utilised for capacity building in the Office while the fund from GTZ was utilised for the development of a gender policy framework.

## **5. Trading entities/public entities**

This Office has neither trading nor public entities.

## **6. Other organization to whom transfer payments have been made**

The Office transferred an amount of R1, 100 million to fifty four (54) Traditional Authorities in the Province. These funds are for the administration of the Traditional Authorities. There is a draft policy in place which is in line with the Public Finance Management Act setting out the reporting requirements by the Traditional Authorities.

A list of the Traditional Authorities is attached as Annexure 1B in the Annual Financial Statements.

## **7. Public/Private Partnerships (PPP)**

The Office has no public/private partnership agreements with any organisation.

## **8. Corporate governance arrangements**

### **8.1 Risk Management approach**

Internal Audit facilitates a risk assessment exercise where management identifies all the risks in the department under specific focus areas, for example, human resource management. This information is used to compile a risk management document used by management to address the risks. Internal Audit uses the information to draw up a three-year rolling-out audit plan and operational audit plan.

### **8.2 Fraud prevention policies**

The Internal Audit unit at the Office of the Premier has a directorate that focuses on fraud prevention and fraud investigations. The hotline of the Provincial Administration reports to this unit and all reported cases of fraud are being investigated. The Internal Audit unit drew up a fraud prevention plan for all the cluster departments.

### **8.3 Effectiveness of Internal Audit/Audit Committees**

Internal Audit works according to the operational audit plan, as approved by the Audit Committee for the cluster departments (Premier, Safety & Security, Sports, Recreation, Arts & Culture, Housing and Local Government). The Audit Committee functions very well and meets on a bi-monthly basis. Internal Audit reports of cluster departments are discussed at Audit Committee meetings. Internal Audit also delivers consultancy services to HOD's of departments.

#### 8.4 Implementation of a Code of Conduct

All employees have received a copy of the Code of Conduct booklet that requires them to act with the utmost good faith in all transactions and with all parties with whom they interact. All employees are required to declare their interest in order to minimize conflict of interest.

#### 9 Discontinued activities/activities to be discontinued

There are no activities to be discontinued.

#### 10. New/Proposed activities

In the 2001/2002 Management report, this Office identified five additional units that were to be established in terms of mandates that cascade from the Presidency and the National Departments.

##### These Units are:

- The Office on the Status of the Child
- Directorate: Transversal Services
- Directorate: Security Management
- Directorate: Peral Management Services
- Directorate: Human Resources Policy Co-ordination

Of the five envisaged units, Peral Management Services was fully operational during the reporting period. The other units would only be operational in the next financial year.

The new units will require an additional budget of R3, 749 million.

#### 11. Events after the reporting date

None

#### 12. Progress with financial management improvements

The Office has appointed a Chief Financial Officer. The CFO has an appropriate staff complement to assist in fulfilling his duties. An Internal Audit unit as well as the Audit Committee have been established.

#### 13. Performance information

The Office ensures that financial information is supplied to all responsibility managers on a monthly basis to facilitate objective corrective decisions where activities are not in line with the budget.

Proper systems, processes and procedures are in place to ensure effective, efficient and transparent utilization of resources.

#### 14. Other

There are no other material issues which I am aware of that may have an effect on the understanding of the financial state of affairs.

#### Approval

The annual financial statements set out on pages 14 to 45 have been approved by the Accounting Officer.



ADV. M.S. SOKO  
DIRECTOR-GENERAL

DATE: 2003/05/30