



AUDITOR - GENERAL

**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL
LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 1 – OFFICE OF THE PREMIER
FOR THE YEAR ENDED 31 MARCH 2004**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 124 to 160, for the year ended 31 March 2004, 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). 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 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

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 Unauthorised expenditure

As disclosed in note 11, the allocation/budget of programme 7 was exceeded by R1 614 000.

Included in this figure is R605 000 by which the total vote had been exceeded.



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4.1.2 Subsidised vehicle scheme

Despite having been reported in the previous financial year, 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.

4.1.3 Management of government vehicles

Distances travelled as indicated in logbooks of government vehicles were in certain instances unrealistic in relation to the destinations indicated. Furthermore, all required information was not always documented.

4.1.4 Appointment and remuneration of service providers

Value-added tax amounting to R553 664 was paid to a supplier on invalid tax invoices. Set-up costs of R3 686 586 was also paid in advance via direct bank transfer to the same supplier. This may constitute possible non-compliance with Treasury Regulations 15.10.1.2 and 15.12.3. Furthermore, the appointment of a contract employee for three years at an annual remuneration of R350 475 was made in contradiction with the Public Service Regulations issued in terms of the Public Service Act, 1994 (Act No. 103 of 1994). An amount of R175 238 was paid during the year under review in this regard.

4.1.5 Guarantees in respect of homeowners

Despite having been reported in the previous financial year, guarantees in respect of 12 homeowners amounting to R311 406 had not been captured on the Personnel and Salary System or disclosed in annexure 3.

5. APPRECIATION

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

S A Fakie
Auditor-General

Pretoria
30 July 2004