

OFFICE OF THE PREMIER
VOTE 1
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

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 2005.

1. General review of the state of financial affairs.

The allocated budget for the Office of the Premier was R111, 780 million as compared to R113, 902 million for the 2003/2004 financial year. The Office spent R105, 297 million which is 94% of the voted budget. The Traditional Leadership and Institution unit was transferred from the Office of the Premier to the department of Local Government and Housing while the House of Traditional Leaders was transferred from Legislature to the Office of the Premier.

The under expenditure is attributed mainly to the Skills Audit project which commenced in March 2005 and will be completed in the next financial year. Funds earmarked for this project will be rolled over to finance the completion of the project.

2. Services rendered by the Office of the Premier.

2.1 The services rendered by the Office of the Premier are discussed in detail elsewhere in the Annual Report but the following are the strategic goals of the Office of the Premier:

- Enhancement and Strengthening of Good Governance and Service delivery.
- Facilitation and co-ordination of Economic Growth to support job creation and poverty reduction.
- Management of the Provincial Growth and Development Strategy.
- Facilitation of Social Transformation and Development.

2.2 Tariff Policy

There was no revision of the tariff for the advertisement in the Government Gazette. This function was transferred to the Government Printers with effect from 1 April 2005.

2.3 Inventories

The main inventories on hand at year-end were as follows:

1. Stationery	R 59 344.40
2. Cartridges	R 298 065.14
3. Refreshments	R 19 514.99
4. Cleaning Materials	R 7 230.89
TOTAL	<u>R 384 155.42</u>

Stock is valued using the Average method.

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3. Capacity Constraints

The Office of the Premier experienced capacity constraints during the reporting period. Key capacity problems were identified in strategic management processes and there was a need to close this gap. The Executive authority approved a new organisational structure with effect from 15 March 2005 to address this problem.

Furthermore the Executive Council approved a Skills Audit project for all middle and senior managers. This audit will assist departments in placing their personnel properly as well as providing the necessary training where gaps have been identified. The project will only be completed in the next financial year.

4. Corporate Governance Arrangements.

The Office has an Internal Audit Section, which is shared with three other Departments.

4.1 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 roll-out audit plan and operational audit plan.

4.2 Fraud prevention policies.

The Internal Audit section in 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 section and all reported cases of fraud are being investigated. The Internal Audit section drew up a fraud prevention plan for all the cluster departments.

4.3 Effectiveness of Internal Audit and Audit Committees.

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

4.4 Implementation of a code of conduct.

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

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5. Activities to be discontinued.

The Office of the Premier has taken a decision to discontinue with the function of the printing of Government Gazette with effect from 1 April 2005.

5.1 Reasons for discontinuance.

The Office of the Premier has come to this decision after considering the printing and administrative costs associated with this function. The total expenditure relating to this function is R813, 000.00 as compared to R612, 000.00 revenue derived from this source. This function will be better performed by Government Printing Works as it has the necessary capacity to absorb the costs.

5.2 Effect on the operations of, and service delivery of the Office

The discontinuation of this function will not have a negative effect on service delivery because Government Printing Works has been directly dealing with the clients on behalf of the Office of the Premier.

5.3 Financial implications.

The discontinuance of this function will have financial implications as revenue generated from this source will be forfeited. The projected revenue for this function for 2005/2006 was R1, 368 million.

6. Events after the reporting date.

There are no favourable or unfavourable events that I am aware of which occurred after the reporting date and might affect the Annual Financial Statements.

7. Performance information.

The Office of the Premier ensures that performance information is presented to the accounting officer as well as the executing authority on a monthly basis.

All SMS members have entered into performance agreements with the accounting officer and their performance is measured against the agreed objectives on a quarterly basis.

Proper system and processes are in place to ensure effective, efficient and economic utilisation of resources.

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8. SCOPA resolutions

The Select Committee on Public Accounts made the following recommendations regarding issues raised in the 2002/2003 Audit report.

Reference to previous audit report	Subject	Findings in progress
2002/2003 Audit Report	Approval of an unauthorised expenditure of R1,178 million.	The unauthorised expenditure will be written off in 2005/2006 financial year.
2002/2003 Audit Report	Reviewal of subsidised vehicle policy as well as proper management of subsidised vehicle scheme.	The Office reviewed the transport policy and all officials who do not meet the required kilometers will not be allocated with subsidised vehicles. The transport unit made a spreadsheet for each of the officials with a subsidised vehicle, and all the official and private kilometers traveled per month are recorded on the spreadsheet at the end of each month. The main purpose of this spreadsheet is to ensure that the monthly kilometers have been submitted and to compare the average 70%/30% official/private kilometers traveled over a period of six months to ensure that officials are adhering to the agreement of 70%/30% official/private kilometers limit. If officials are not adhering to the agreement a letter is submitted to the relevant unit manager and his/her response is submitted to the Transport Committee which will in turn advise the accounting officer accordingly.
2002/2003 Audit Report	Conversion from scheme A to scheme B for officials who do not meet the required kilometers.	The conversion from scheme A to scheme B has been considered. There are serious challenges in this regard and a comprehensive report will be tabled to this Honourable Committee in due course.
2002/2003 Audit Report	All departments must take fleet management seriously.	Lack of capacity was attributed to this shortcoming and the Office appointed additional staff to close this gap.

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9. Approval

The Annual Financial Statements set out on page 158 - 197 have been approved by the Accounting Officer.



Adv. M.S SOKO
DIRECTOR- GENERAL.
31 MAY 2005