

**MPUMALANGA OFFICE OF THE PREMIER
VOTE1**

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2006.

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and is supposed to meet four (4) times per annum as per its approved terms of reference. During the current year the following meetings were held.

Name of Member	Number of General Meetings Attended	Number of Ad-hoc Meetings Attended
E. Cousins (Chairperson)	2	2
W. C. Cloete	2	2
S. Dube (appointed 01/11/2005)	1	

Numerous interactive meetings were held between the Chairperson and the Internal Audit unit.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13.**

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. For the greater part of the financial year, the audit committee consisted of two members' which made it difficult to convene meetings as one member resides in the Western Cape. (Quorum purposes)

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review several instances of non compliance were reported by internal and external auditors that resulted from not always applying prescribed controls (especially fleet and asset management).

The quality of in year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.


AUDIT COMMITTEE REPORT

Evaluation of Financial Statements

The Audit Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.


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Chairperson of the Audit Committee
Date: 15 August 2006