

MPUMALANGA PROVINCIAL GOVERNMENT

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PROVINCIAL TREASURY CIRCULAR NO. 2 OF 2008

TO: ACCOUNTING AUTHORITIES FOR PUBLIC ENTITIES

2007/08 YEAR-END REPORTING REQUIREMENTS

The financial year-end is approaching. According to the Public Finance Management Act No.1 of 1999 (PFMA), Section 55 (1) (c) the Accounting Officer for the Public Entity -

(c) must submit the financial statements within two months after the end of the financial year to –

- (i) the auditors of the Public Entity for auditing, and
- (ii) if it is a business enterprise or other public entity under the ownership control of the national or a provincial government, to the relevant treasury.

The Provincial Treasury would thus like to advise Public Entities to ensure that the following issues are attended to:

AUDIT PROCESS

Public Entities should ensure that the Audit Steering Committees are established at the beginning of the audit process. The terms of reference and the constitution of the Audit Steering Committee are outlined in Annexure A.

PREPARATION OF FINANCIAL STATEMENTS

A template to prepare the annual financial statements has been issued to the Public Entities and is also available on the website <http://oag.treasury.gov.za>. This will assist in ensuring that the financial statements are properly and timely compiled.

All suspense accounts should be cleared to zero by 31 March 2008 to enable Public Entities to provide complete financial information on expenditure and revenue.

'Always Stretching Our Arm, to Accelerate Service Delivery'

Stock counts and reconciliations of assets must be performed.

The expenditure management report should be scrutinized to ensure that all expenditure is properly allocated to the budget appropriated.


All supporting documentation for the transactions, and other important records, should be made available for audit purposes.

SUBMISSION OF PERFORMANCE INFORMATION

The Auditor-General will be engaging in performance audit reviews for the financial year ended 31 March 2008. Public Entities are therefore required to submit the performance information, which would later be included in the annual report, to the Office of the Auditor-General by 30 May 2008 to enable the auditors to perform the necessary audit procedures before 31 July 2008.

It is crucial that the above issues are taken in a very serious manner, to ensure compliance with legislation and contribute to good governance.

Regards



MR. RS TSHUKUDU
HEAD OF DEPARTMENT

DATE: 07/04/2008.

ANNEXURE A

AUDIT STEERING COMMITTEE

TERMS OF REFERENCE

The aim of the Audit Steering Committee is to establish a formal communication channel between the Public Entity and the Office of the Auditor-General, in this way to accomplish a sound co-operation between the parties. Matters that may be discussed during the meetings of the Audit Steering Committee are, *inter alia*;

- Audit planning for the year -in other words which activities will be subjected to an audit and the reasons.
- Estimated audit costs.
- The estimated costs of the auditing for the year must be furnished, as the Public Entity must budget for the expenditure;
- Any deficiencies or irregularities revealed during audits.
- The Audit Steering Committee gives the parties the opportunity to discuss problems and in this way to prevent any unnecessary written communication, which can be time consuming and costly.
- Discussion of audit reports, Management letters and queries of a serious nature to obtain unanimity on the contents and to expedite the finalisation thereof.
- Problems emerging during audits, e.g. availability of records, etc.
- Create the opportunity for the Public Entity to give inputs in good time.
- The identification of contact persons for enquiries and mutual communication.

CONSTITUTION

In order to ensure the efficient functioning of the Audit Steering Committee, the committee should consist of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Head of Internal Audit
- Representatives from the Office of the Auditor-General;
- Secretary - in order to ensure that proper minutes are taken of the meeting and are distributed to all members.