

DEPARTMENT OF TRANSPORT
KWAZULU-NATAL
UMNYANGO WEZOKUTHUTHA



REPORT OF THE AUDITOR GENERAL

Part 6



REPORT OF THE AUDITOR GENERAL TO MEMBERS OF THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 12 - DEPARTMENT OF TRANSPORT FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 108 to 130, for the year ended 31 March 2002 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). 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 the 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. QUALIFICATION

3.1 Claims recoverable from the National Department of Transport

Included under receivables, and as recorded in Note 14.1 to the financial statements, is an amount of R30 959 603 owing from the National Department of Transport, the recoverability of which is considered doubtful. This expenditure is in respect of the following:-

- a) Claims recoverable from the National Department of Transport, amounting to R24 491 064, for expenditure incurred between 1995 and 1999 on the maintenance of national roads. These amounts were transferred from Provincial Treasury in the prior year. Discussions regarding the recovery of this amount are ongoing and no finality regarding the recovery of this amount has been reached.
- b) Expenditure amounting to R6 468 539, was incurred on taxi special projects initiated by the National Department of Transport for which no funding was subsequently received. This amount should be written off to expenditure.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matter referred to in subparagraph 3.1, the financial statements fairly present, in all material respects, the financial position of the Department of Transport at 31 March 2002, and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Matters affecting the financial statements

5.1.1 Outstanding debtors

a) Staff debtors

The department has numerous staff debtor accounts outstanding at year-end amounting to R1 946 000. Certain reconciliations were only prepared for audit purposes at year-end. The listed reconciling items contained insufficient detail to determine the recoverability of these debts.

b) Amounts owed by other departments

Reconciliations or confirmations, from the respective departments accepting the liability for expenditure incurred on their behalf for the hiring and purchasing of vehicles, were not provided for audit purposes. Furthermore R3 549 472 of the balance owing relates to expenditure incurred during the period 1995 to 1999. Significant doubt is therefore created as to the recoverability of these debts owing by other departments.

The above is in contravention of Treasury Regulation 11.2.1 issued in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, which requires the accounting officer to take effective and appropriate steps to collect money due to the department, including maintaining proper accounts and records of all debtors.

5.2 Matters not affecting the financial statements

5.2.1 Overall control environment

The following is a summary of the more significant audit observations raised during the course of the audit which indicates a lack of control in these areas:

5.2.1.1 Motor Licensing Bureau Reconciliations

It was noted that although the reconciliations of the daily and monthly post office agency receipts are reconciled to the National Traffic Information System (NATIS), it is not effectively reconciled to the actual payments received from the South African Post Office. I was therefore unable to determine the completeness of the revenue received from the post offices. This matter was reported upon in the prior year and steps are now being taken to rectify the shortcomings.

This is in contravention of Treasury Regulation 7.2.1 issued in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, which requires the accounting officer to manage revenue effectively and efficiently by developing and implementing appropriate processes for the identification, collection, safeguarding, recording and reconciliation of information about revenue.

5.2.1.2 Reconciliation of face value forms

Following our review of the control over face value forms at the Road Traffic Inspectorate (RTI) offices, it was noted that although registers for the face value forms are maintained, a daily reconciliation of the face value forms issued to actual receipts for the day is not performed.

This is in contravention of Treasury Regulation 7.2.1 issued in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, which requires the accounting officer to manage revenue effectively and efficiently by developing and implementing appropriate processes for the identification, collection, safeguarding, recording and reconciliation of information about revenue.

5.2.1.3 Loss Control

Based on a sample of eighty cases selected for testing, thirty six (45%) of the cases selected were finalised more than three years after the date of occurrence. The delay in finalising cases should be addressed in an attempt to increase the level of recovery arising from thefts and losses.

5.2.1.4 Asset management

During the course of the audit, ten of the department's outlying offices were visited with a view to determine the extent of control exercised over the management of plant and vehicles. The controls were found to be inadequate and the most significant findings in this regard are summarised as follows:-

- In many instances asset register records maintained by the head office do not agree with the records maintained at the regions.
- Assets appearing on the head office records could not be physically verified at the regions due to assets being transferred without the records being timeously updated.
- Furthermore, the department does not perform an asset reconciliation reconciling purchases and disposals as recorded on the Financial Management System (FMS) to the subsidiary asset registers. A number of instances were noted where assets purchased and disposed off as recorded on FMS were not recorded on the asset registers.

5.2.2 Computer assisted audit technique exceptions

Computer assisted audit techniques were applied to the data downloaded from the Motor Licensing Bureau NATIS system. The following is a summary of the observations raised in this regard:

- 26 records were identified with duplicate registration numbers.
- 137 614 records were identified where the registration number field was not completed.
- 108 006 records were identified with invalid engine numbers.
- 20 144 records were identified with duplicate engine numbers.
- 43 records were identified where the chassis numbers were considered to be invalid due to the field either not containing any data or containing invalid characters.
- 46 436 records were identified with duplicate chassis numbers.
- 10 619 records were identified where the engine numbers, chassis numbers and motor vehicle state code were the same, however the registration numbers of the vehicles were different.
- 603 records were identified where the characters recorded on the identity number field were invalid.
- 16 records were identified with duplicate system generated identity numbers.

The majority of the above errors have resulted when the data was initially transferred to the NATIS system. The department has consulted with the National Department of Transport, who controls the NATIS system, to assist them in rectifying the errors. The assistance from the National Department of Transport is still awaited.

5.2.3 Unauthorised Expenditure

The total actual expenditure of the department exceeded the total budgeted expenditure by R1 635 000. Furthermore, the actual expenditure exceeded the budgeted expenditure by R15 283 000 for programmes 2, 4 and 5. This is reported as unauthorised expenditure in Note 12.2 to the financial statements.

This overspending on the vote and the main divisions within the vote is in contravention with section 39(2)(a) of the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended which requires the accounting officer to take effective and appropriate steps to prevent any overspending of the vote or the main divisions within the vote.

6. APPRECIATION

The assistance rendered by the staff of the Department of Transport during the audit is sincerely appreciated.



B.R. WHEELER
for AUDITOR GENERAL
PIETERMARITZBURG
27/07/2002



REPORT OF THE AUDITOR GENERAL TO MEMBERS OF THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL PUBLIC TRANSPORT LICENSING BOARD FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 135 to 142 for the year ended 31 March 2002 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). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. 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. UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the KwaZulu-Natal Public Transport Licensing Board at 31 March 2002, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended.

4. APPRECIATION

The assistance rendered by the officials of the KwaZulu-Natal Public Transport Licensing Board during the audit is sincerely appreciated.

for AUDITOR GENERAL
PIETERMARITZBURG
29/07/2002



REPORT OF THE AUDITOR GENERAL TO MEMBERS OF THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL TAXI COUNCIL FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 147 to 151 for the year ended 31 March 2002 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). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. 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. UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the KwaZulu-Natal Taxi Council at 31 March 2002, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

4.1 Matters not affecting the financial statements

4.1.1 Members allowances

During our audit of members allowances the following control weaknesses were noted:-

- Members claim forms are not stamped as "paid" or "processed" to prevent possible duplicate payments.
- Furthermore, claim forms are not dated at the time of approval. I was therefore unable to determine if the claim forms were approved prior to payment being made.

REPORT OF THE AUDITOR GENERAL

5. APPRECIATION

The assistance rendered by the officials of the KwaZulu-Natal Taxi Council during the audit is sincerely appreciated.



for AUDITOR GENERAL
PIETERMARITZBURG
29/07/2002