



*Auditing to build public confidence*

# MEDIA RELEASE

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## **Auditor-general announces steady improvements in national and provincial government audit outcomes, but emphasises that there are still areas of great concern**

### **Gauteng PFMA 2013-14 audit outcome highlights**

Gauteng has 15 departments and 20 public entities. All 35 auditees submitted their financial statements for the 2013-14 financial year for auditing within the prescribed timelines.

Overall, Gauteng's audit outcomes have improved significantly compared to the previous year, recording 19 clean audits (54%) [2012-13: eight (23%)]. The quality of the submitted annual financial statements also improved to 63% from 31%.

Ten public entities improved to clean audit outcomes, while five departments and three public entities sustained their clean audit outcomes, and one newly formed department attained a clean audit outcome.

Thirteen auditees (37%) received financially unqualified audit opinions with findings on their performance information or compliance with key legislation, or both these aspects.

There has been a notable decrease in non-compliance with legislation (54% of the auditees) over the past three years. This was achieved by enhanced in-year monitoring of compliance with laws and regulations.

Health and Human Settlements remained qualified. Only G-fleet regressed to an adverse audit opinion from an unqualified audit opinion with findings.

The clean audit outcomes and improvements are the result of the concentrated effort and responsiveness of the political and administrative leadership, audit committees and the provincial treasury. Accounting officers and senior management, as a first line of defence, successfully implemented basic internal controls and accounting disciplines, which ensured that an effective control environment was maintained, and provided rigorous oversight and support in driving clean audit outcomes.

There was a significant reduction in the reported unauthorised as well as fruitless and wasteful expenditure from R1,6 billion to R228 million over the past three years.

For auditees that have not progressed to clean audit outcomes, the accounting officer or authority needs to ensure that the basic disciplines of preparing and reviewing regular financial and performance reports are improved and sustained.

The administrative leadership must be decisive and act in a timely manner to implement effective and sustainable internal controls and disciplines for provincial audit outcomes to improve further. Stability

in the administrative leadership and key senior management through succession planning remains critical to ensuring that institutional knowledge is not lost.

The continued guidance, support and monitoring by the provincial treasury and the Office of the Premier will assist auditees in their move towards sustainable clean audit outcomes.

With the commitment of the administrative leadership, audit committees, the provincial treasury and the Office of the Premier, we see the golden prospect of a public service characterised by transparent financial and performance reporting.