



*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**

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

Limpopo has 13 departments (including the legislature) and 10 public entities. The Provincial Revenue Fund and the Tribal and Trust Account were excluded from the general report as their financial statements for the 2013-14 financial year were still outstanding.

The total adjusted budgeted expenditure of the province was R49,7 billion in 2013-14. The budget figure only includes voted departmental funds (in other words, public entities are not included). The following were the main areas of expenditure:

- Employee cost – R34,3 billion
- Goods and services – R7,9 billion
- Transfer payments – R5,4 billion
- Capital expenditure – R2,1 billion

Overall, there has been a slight improvement in the audit outcomes compared to the prior year. The regression in the basic key internal controls in day-to-day operations indicates that the province is at risk of regressing in the future.

Cooperative Governance, Human Settlements and Traditional Affairs achieved an unqualified audit opinion with no findings. The best practices employed by this department should be replicated by the rest of the departments and entities in the province.

The majority of auditees (56%) received modified audit opinions. However, three auditees (Health, Public Works and Limpopo Tourism Agency) managed to move from disclaimed to qualified opinions, while the Limpopo Development Agency improved from a qualified audit opinion to an unqualified opinion with findings.

Economic Development, Environment and Tourism regressed from an unqualified audit opinion with findings to a qualification, while the Gateway Airports Authority Limited regressed from a qualified opinion to an adverse opinion.

Education remained disclaimed, while the Limpopo Roads Agency moved from a disclaimed to an adverse opinion in the current year.

Five departments have been under section 100(1)(b) administration since 2011. The national intervention team has successfully implemented strategies to eliminate the overdraft position that the province found itself in 2011. The administration has not had a significant impact on the internal control environment of the province. Despite an improvement in the audit outcomes of Roads and

Transport, Public Works and Health, the sustainability of the outcomes is in question once the intervention team withdraws from the province, as skills were not transferred.

Only three auditees (13%) submitted financial statements that did not require material adjustments to avoid a qualification. There has been some improvement in the reporting of performance against predetermined objectives, as no significant findings were raised at 48% of the auditees. However, only 30% of the auditees could produce quality performance reports without relying on the audit process to identify errors to be corrected. Of the 23 auditees, 22 had findings on non-compliance with laws and regulations.

Unauthorised expenditure was reduced from R325 million in the prior year to R16 million in the current year. This expenditure was incurred by the Department of Education.

Irregular expenditure increased to R3,5 billion from R2 billion in the prior year, with the Department of Education, Department of Health and the Limpopo Roads Agency contributing 94% of this irregular expenditure. The significant irregular expenditure incurred in the province was mainly due to non-compliance with supply chain management requirements.