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Limpopo's PFMA 2014-15 audit outcome highlights

Provincial government consists of the legislature, 12 departments and 10 public entities. Of the 23 auditees, only one (Gateway Airports Authority Limited (GAAL)) did not submit their annual financial statements for the 2014-15 financial year within the legislated time frame.

The province has made progress in improving its audit outcomes over the last five years and has recorded an improvement at seven auditees, while the department of Cooperative Governance, Human Settlements and Traditional Affairs regressed. The quality of the submitted annual financial is still a cause of concern as only two auditees submitted financial statements which were free of material misstatements.

One auditee (the Office of the Premier) achieved a clean audit outcome, while 14 received financially unqualified audit opinions with findings on their performance information and/or compliance with key legislation. The department of Education received a disclaimer for the fourth consecutive year.

There has been some improvement in the area of consequence management where the provincial leadership took action against poor performance, which led to officials bearing consequences for poor performance and transgressions. Auditees focus on addressing qualification matters in the financial statements without making the same effort in the case of findings on performance reporting and compliance with legislation. Until such time as the same amount of attention is given to all three areas, the move towards more clean audits will be slow.

There was a notable reduction in reported irregular as well as fruitless and wasteful expenditure of 41% and 34%, respectively. However, irregular expenditure is still higher than the reported amount in the 2012-13 financial year.

The intervention in the province as per section 100(1)(b) of the Constitution was lifted in January 2015. The administration team had laid the foundation for addressing some of the historical challenges on assets and expenditure management that plagued the province in the recent past.

The accounting officers or authorities need to ensure that in-year monitoring processes over financial and performance reporting are improved and maintained for the audit outcomes to improve.

The provincial treasury and the Office of the Premier play a critical role in the drive towards clean administration and must work together to strengthen financial management practices in the province.

The public accounts committee and the portfolio committees should enhance their oversight role as this will ensure that root causes of poor audit outcomes are addressed by management and that decisive actions are taken against poor performance and transgressions. **End**