



Auditing to build public confidence

MEDIA RELEASE

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Western Cape public entities and some provincial government departments show progress while other departments' audit outcomes regress

CAPE TOWN – For the past five years the Western Cape government has shown an impressive upward movement towards achieving overall clean administration, but the latest audit outcomes indicate that the province needs to ensure sustainability of its results to achieve the ultimate prize – blanket clean administration.

Auditor-General (AG) Terence Nombembe stated that, for this to happen, leadership of the provincial administration should ensure that management, governance and oversight structures work together closely to monitor the implementation of internal controls on a daily, monthly and quarterly basis. Although the province has made strides in addressing some audit matters highlighted as needing urgent attention in the previous year, not all commitments have been fulfilled.

The major limitation in this regard, he says, has been the lack of detailed and specific target dates for implementation of the remedial plans.

Amongst other commitments in response to the 2010-11 audit recommendations, the provincial leadership pledged:

- to instil the basic principles of monthly reporting and validation of reported information by internal audit units and audit committees

- to enhance the monitoring and oversight capacity of the legislature and its committees
- to ensure development and support of entity-specific action plans to address financial and performance management.

The provincial leadership also undertook to give effect to these and other clearly defined commitments, by ensuring that officials are monitored while fulfilling their responsibilities in line with their job requirements.

Nombembe says none of the commitments made in the previous year have been fully realised.

“It is pleasing to see the improvement in outcomes in those auditees whose leadership has taken accountability for the internal control deficiencies highlighted in the prior year’s audits as well as during the quarterly key control interventions with my office.

“In addition to the four departments that achieved a clean audit opinion, special mention must be made of the Department of Health whose findings have decreased significantly because the accounting officer took accountability for the internal control deficiencies highlighted by the auditors,” says Nombembe.

The AG reiterated his office’s commitment to assist auditees, highlighting that following the launch of government’s *Operation clean audit* in July 2009, he had introduced regular engagements with municipal, provincial and national political leaders to share his office’s assessment of key controls in the areas mentioned above and to identify threats to clean audits. These engagements helped to create greater awareness on matters that require urgent attention to enable the realisation of clean administration in all spheres of government.

Issued by:

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Media note:

The complete *General report on the PFMA audit outcomes of the Western Cape* is available on www.agsa.co.za

About the AGSA:

The AGSA is the country's supreme audit institution. It is the only institution that, by law, has to audit and report on how government is spending taxpayers' money. This has been the focus of the AGSA since its inception in 1911 – the organisation celebrated its 100-year public sector auditing legacy in 2011.

ADDITIONAL MEDIA INFORMATION

About the Western Cape government

The Western Cape provincial government comprises 27 auditees – 15 departments (which include the provincial parliament and the revenue fund) and 12 public entities.

The public entities include nine provincial public entities, two trading entities and one other entity that is not subject to the PFMA. One of the public entities is not audited by the AGSA.

Some notable highlights

- Of the 24 analysed auditees, 10 (42%) progressed to clean audits, namely four departments (17%) and six entities (25%).
- The Department of Education regressed from a financially unqualified opinion in the previous year to a qualified opinion this year.
- Two (8%) auditees regressed from clean audit opinions to financially unqualified with findings on non-compliance with laws and regulations.
- Eleven (46%) auditees retained their previous year's audit opinions of financially unqualified with findings, as they had not sufficiently addressed their findings on predetermined objectives and/or compliance in order to obtain clean audits.
- Twenty-three (88%) out of 26 auditees submitted financial statements and performance reports for auditing by 31 May 2012.
- Fifteen (63%) auditees submitted financial statements that required no material adjustments, compared to 12 (46%) auditees in the prior year.






Summary of audit outcomes for current and prior years





Audit outcomes	Departments*		Public entities**		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Financially unqualified with no findings (clean audits)	4	4	6	2	10	6
Financially unqualified with findings	9	11	4	8	13	19
Financially unqualified financial statements	87%	100%	91%	91%	88%	96%
Qualified opinion, with findings	1	0	0	0	1	0
Adverse opinion, with findings	0	0	0	0	0	0
Disclaimer of opinion, with findings	0	0	0	1	0	1
Number of audit reports not issued by 30 September 2012	1	0	1	0	2	0
Outstanding audits and financially qualified financial statements	13%	0%	9%	9%	12%	4%
Total number of audits in the province	15	15	11	11	26	26

* Including provincial parliament and provincial revenue fund

** Including trading entities and other entities

Summarised movement in overall audit outcomes

Departments: Movement in audit outcomes from 2010-11					
Audit opinion	Improvement	Unchanged	Regressed	Total auditees reported on	Outstanding audits - prior year opinion
Financially unqualified with no findings	 2	 2		4	1
Financially unqualified with findings		 8	 1	9	
Qualified, with findings			 1	1	
Adverse/ Disclaimer, with findings					
Total	2	10	2	14	1

Public entities: Movement in audit outcomes from 2010-11					
Audit opinion	Improvement	Unchanged	Regressed	Total auditees reported on	Outstanding audits - prior year opinion
Financially unqualified with no findings	 5	 1		6	
Financially unqualified with findings		 3	 1	4	
Qualified, with findings					
Adverse/ Disclaimer, with findings					1
Total	5	4	1	10	1

End.