



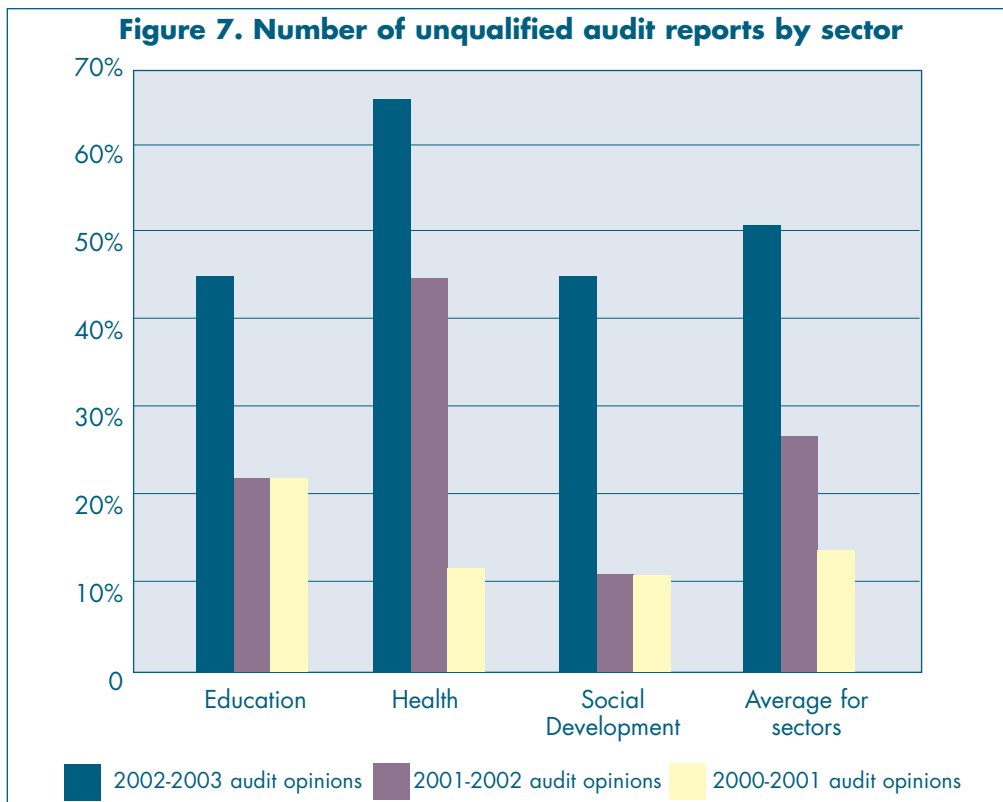
AUDITOR - GENERAL

Table 4. Total provincial expenditure on Education, Health and Social Development

Province	Total expenditure 2002-03 R million	Total expenditure 2001-02 R million	Percentage increase
Education	52 711	46 903	12,4%
Health	33 407	29 657	12,6%
Social Development	32 517	23 847	36,4%
Total	118 635	100 407	18,2%

2.1 AUDIT OPINIONS

Figure 7 below depicts the unqualified audit opinions issued per sector over the past three years. The overall average of the three sectors is also shown. In all cases there has been a significant rise in the number of unqualified opinions over the past three reporting periods. The most significant improvement can be found in the Health sector where only one unqualified audit opinion was found in 2000-01 whereas in the 2002-03 reports the number has risen to six of the nine provinces. Overall for the three sectors the number of unqualified audit opinions has risen from 15% to 52%. Two provinces, namely Gauteng and Limpopo, received unqualified audit opinions for all three sectors.





A U D I T O R - G E N E R A L

There has been an improvement in the number of unqualified audit reports over the past three years. In 2000-01 only four of the 27 votes received unqualified audit opinions. This has risen to 14 votes that received unqualified opinions for the 2002-03 financial year. The largest improvement was in the Health sector where in 2000-01 only one province received an unqualified audit opinion as compared to six out of the nine provinces in 2002-03.

Of the 13 qualifications issued at provincial level, one represented an adverse audit opinion (KwaZulu-Natal Education Department) and two disclaimers of opinion for the Eastern Cape Education Department and the Northern Cape Health Department. In these three cases and for five of the other qualifications, lack of supporting documentation was cited as part of the reason for the qualification. This clearly remains an issue in the provinces.

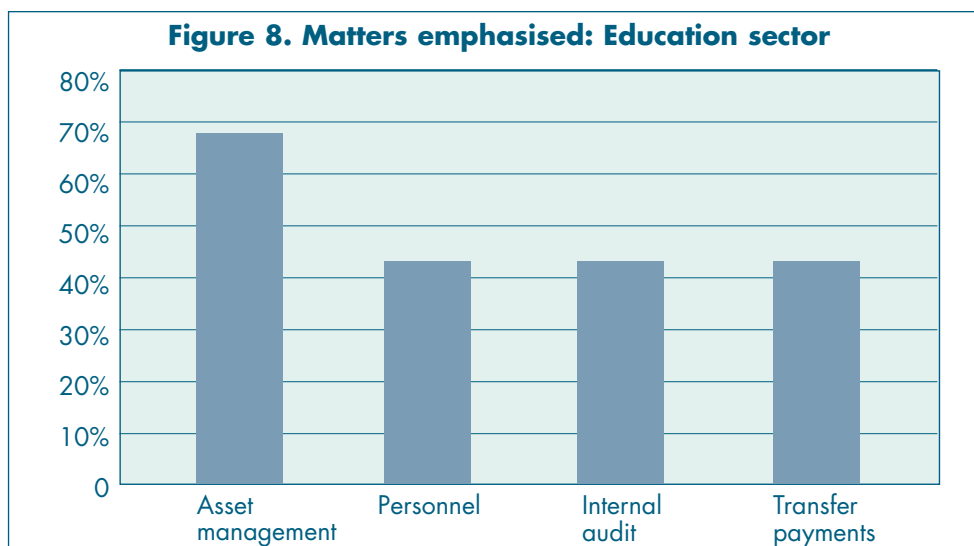
2.2 MATTERS EMPHASISED

The matters reported are in keeping with those discussed for national departments. However, another common issue raised is that of personnel expenditure. The main concerns in terms of personnel were:

- Administration of leave
- Lack of documentation
- Reconciliations between personnel and finance systems
- Management of overtime

2.2.1 Education sector

The main matters emphasised in all sectors were similar and in line with those reported for the national departments. Figure 8 below illustrates the key issues reported.





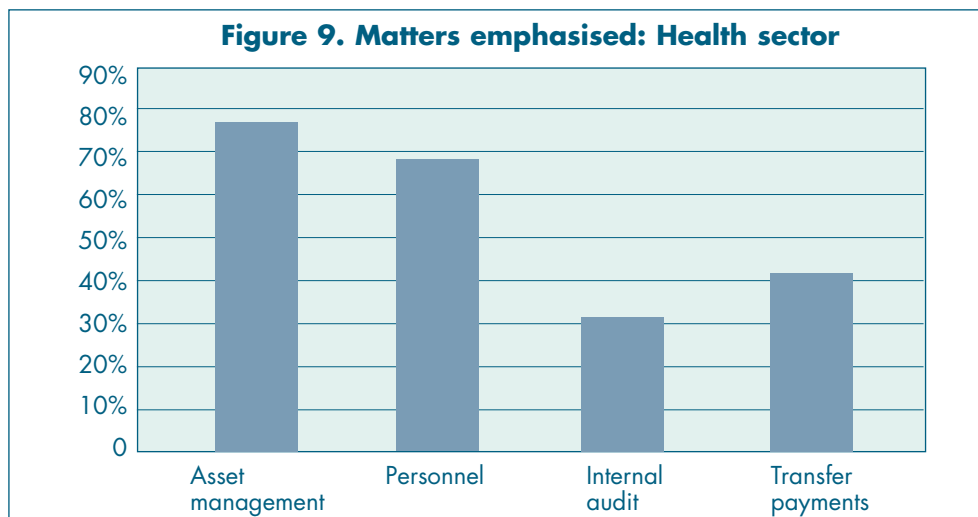
AUDITOR - GENERAL

Asset management is the primary area of reporting with matters emphasised on this issue in six of the nine provinces. The other primary categories were personnel, internal audit and transfer payments. With the exception of transfer payments these categories are in keeping with the national departments.

The national Department of Education was also reported on the conditional grants provided to provinces; however, this issue was only reported in two of the nine provinces.

2.2.2 Health sector

The Health sector received the highest number of unqualified audit opinions, but in terms of matters emphasised, the situation is somewhat different. Figure 9 below demonstrates that the asset management and personnel issues were reported on in seven and six out of the nine provinces, respectively. Transfer payments were reported in four of the provinces; however, internal audit was only reported in three out of the nine provinces.



2.2.3 Other Health sector information - audit of medical waste

Audits of medical waste revealed similar shortcomings in the management and handling of medical waste at three selected provincial hospitals in the Free State and the Eastern Cape Provinces. The audits at the Eastern Cape are still in the process of being finalised. Similar audits are also planned for Limpopo and Gauteng and have also been conducted at two military hospitals. The management and handling process includes the procurement of new medical stock, the generating of hospital waste, the handling of waste within the hospitals' premises and the disposal of hospital waste (locally or by private firms).