



## ADDITIONAL MEDIA INFORMATION (Provincial highlights)

### Gauteng's MFMA 2012-13 audit outcome highlights

- ✚ Gauteng has three metropolitan municipalities, two district municipalities, seven local municipalities and 25 municipal entities. All 37 auditees submitted their financial statements for the 2012-13 financial year for audit within the prescribed timelines. Sixty-eight per cent (68%) of auditees prepared and submitted reliable and useful financial performance information that was supported by an adequate audit trail.
- ✚ The overall total expenditure of the Gauteng municipalities amounted to R83,8 billion for the 2012-13 financial period. This amount is made up of R20 billion for payroll costs (including councillors), R52,2 billion for goods and services and R11,6 billion in capital expenditure. The three Gauteng metros accounted for 88% of the total.
- ✚ Overall, Gauteng's MFMA 2012-13 audit outcomes improved significantly compared to the previous year.
- ✚ Considerable attention and effort dedicated to prior year qualifications resulted in a significant reduction in auditees with qualified audit opinions.
- ✚ Only Randfontein and Westonaria remain qualified with findings on compliance.
- ✚ Sedibeng District Municipality was exemplary to other municipalities as they progressed to a financially unqualified audit opinion with no material findings on the quality of the annual performance report or compliance with legislation (also known as a "clean audit").
- ✚ The Johannesburg Social Housing Company and Johannesburg Fresh Produce Market maintained their financially unqualified audit opinion with no material findings on the quality of the annual performance report or compliance with legislation ("clean audit").
- ✚ Overall, there was a significant reduction in irregular expenditure reported to R466 million compared to R1,8 billion in the prior year. The R466 million constitutes irregular expenditure incurred due to non-compliance with supply chain management legislation and other applicable regulations. This includes awards made to suppliers in which officials of other state institutions, employees and councillors of the auditees had an interest. While in most cases goods and services were delivered, it was impossible to confirm whether value for money was received. Irregular expenditure reported merely indicates that provisions of the legislation, which may include provisions aimed at ensuring that procurement processes are competitive and fair, were not adhered to.
- ✚ The drivers that support these positive outcomes include commitment displayed by both political and administrative leadership to deal with audit findings and action plans; institutionalisation of good governance practices, including the role played by internal audit and audit committees; strong drivers

of internal controls, with the focus on entrenching administrative basics and standard disciplines and processes which were continuously monitored; and implementation of commitments made in the previous year by the role players as this provides the essential assurance.

- ✚ While the municipalities and their respective entities are not in a financial health crisis, our analysis of financial health showed that some municipalities experienced financial difficulties which necessitate a viable intervention strategy to stabilise liquidity concerns and prevent the municipalities from getting into the red zone.

## List of auditees with clean audits.

Auditee	Province	District municipality	Movement
Mandela Bay Development Agency	EC	Nelson Mandela Bay Metro	Improved
Sedibeng District	GP	Sedibeng District	Improved
Johannesburg Fresh Produce Market	GP	City of Johannesburg Metro	Unchanged
Johannesburg Social Housing Company	GP	City of Johannesburg Metro	Unchanged
Durban Marine Theme Park (Pty) Ltd	KZN	eThekweni Metro	Unchanged
Msinga	KZN	uMzinyathi District	Improved
Ntambanana	KZN	Uthungulu District	Improved
Okhahlamba	KZN	uThukela District	Improved
Ubuhlebezwe	KZN	Harry Gwala/ Sisonke District	Improved
uMhlatuze	KZN	Uthungulu District	Improved
uMzimkhulu	KZN	Harry Gwala/ Sisonke District	Improved
Uthungulu District	KZN	Uthungulu District	Improved
Ehlanzeni District	MP	Ehlanzeni District	Unchanged
Steve Tshwete	MP	Nkangala District	Unchanged
Swartland	WC	West Coast District	Unchanged
Theewaterskloof	WC	Overberg District	Improved
West Coast District	WC	West Coast District	Unchanged
Witzenberg	WC	Cape Winelands District	Improved
ZF Mgcawu District	NC	ZF Mgcawu District	Improved
Langeberg	WC	Cape Winelands District	Unchanged
Breede Valley	WC	Cape Winelands District	Improved
Cape Town International Convention Centre	WC	City of Cape Town Metro	Improved
City of Cape Town Metro	WC	City of Cape Town Metro	Improved
George	WC	Eden District	Unchanged
Knysna	WC	Eden District	Improved
Mossel Bay	WC	Eden District	Unchanged
Overstrand	WC	Overberg District	Improved
Safe City Pietermaritzburg	KZN	Umgungundlovu District	Unchanged
uThungulu House Development Trust	KZN	Uthungulu District	Unchanged
uThungulu Financing Partnership	KZN	Uthungulu District	Unchanged