



ADDITIONAL MEDIA INFORMATION (Provincial highlights)

Limpopo's MFMA 2012-13 audit outcome highlights

- Limpopo has five district municipalities, 25 local municipalities and 2 municipal entities. At the date of finalisation of the general report, the results of six municipalities and one municipal entity were not yet available. Of the total of 25 auditees reported on, only 12% had prepared and submitted reliable and useful financial performance information that was supported by an adequate audit trail.
- The overall total expenditure for the Limpopo municipalities amounted to R9,7 billion for the 2012-13 financial period. This amount is made up of R2,3 billion for payroll costs (including councillors), R4,4 billion for goods and services and R3,1 billion in capital expenditure.
- Overall, Limpopo's MFMA 2012-13 audit outcomes reflect a regression for the third consecutive year.
- Three transversal matters had a negative impact on the audit outcomes of most of the municipalities, namely non-disclosure of a contingent liability arising from a court case with SALGA; the incorrect disclosure of certain roads under the control of the district; and legacy matters which affected 28% of auditees and relate to historical issues where sufficient supporting documentation for opening balances cannot be provided.
- Despite efforts made by municipalities and coordinating departments (provincial treasury and CoGHSTA), the same root causes of poor results identified in prior years are still relevant. The most significant for a number of years is that at 88% of municipalities, some key officials lack minimum competencies and skills (including 25% of CFOs). There are vacancies in key positions, with 16% of CFO positions being vacant at year-end.
- No municipality obtained an unqualified opinion. The Polokwane Housing Association, a municipal entity, improved from a qualified to an unqualified with findings opinion.
- The Waterberg District Municipality, which had a clean audit opinion for the past two years, regressed to a qualified opinion
- Overall, there was no movement in irregular expenditure reported to R418 million compared to R422 million in the prior year. The R418 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 (except in respect of R276m of irregular expenditure which we could not audit due to lack of documentation) 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 will support improved outcomes include commitment 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 must be 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 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 in 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
Ntambana	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