



ADDITIONAL MEDIA INFORMATION (Provincial highlights)

The Northern Cape's MFMA 2012-13 audit outcome highlights

- The Northern Cape has five district municipalities and 27 local municipalities. Twenty-seven of the 32 municipalities submitted their financial statements for the 2012-13 financial year for audit within the prescribed timelines. Seven per cent (7%) 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 Northern Cape municipalities amounted to R5,5 billion for the 2012-13 financial period. This amount is made up of R1,5 billion for payroll costs (including councillors), R3,1 billion for goods and services and R835 million in capital expenditure.
- Overall, the Northern Cape's MFMA 2012-13 audit outcomes improved slightly compared to the previous year.
- The fact that 13 municipalities were disclaimed (12 repeat disclaimers) is concerning. The number of municipalities with qualified audit opinions also remains high at 25% or eight municipalities (2011-12: seven or 22%).
- ZF Mgcawu 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"), thereby becoming the first municipality in the Northern Cape to achieve a clean audit since the 2009-10 financial year.
- Overall, there was a slight increase in irregular expenditure reported amounting to R544 million compared to R498 million in the prior year. The R544 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 R84m 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 support these outcomes remained mostly stagnant, which is a strong indicator of the political and administrative leadership's inability to effectively manage municipalities in the province. Leadership needs to take their role far more seriously and work much harder in an effort to create a more accountable and effective local government in the Northern Cape.
- There has been little improvement since the prior year in the number of municipalities with audit findings on supply chain management. The only municipality that improved, with no findings reported on supply chain management, was ZF Mgcawu District Municipality.

- Our assessment indicated that 16 municipalities have material findings on financial health. Included in these 16 municipalities are the 13 municipalities with disclaimed audit opinions. The outcome remained stagnant when compared to the prior year. Only three municipalities had no findings on financial health.

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