



## ADDITIONAL MEDIA INFORMATION (Provincial highlights)

### Western Cape's MFMA 2012-13 audit outcome highlights

- The Western Cape has one metropolitan municipality, five district municipalities, 24 local municipalities and two municipal entities. Thirty of the 32 auditees (94%) submitted their financial statements for the 2012-13 financial year within the prescribed timelines. Fifty-six per cent (56%) of auditees prepared and submitted reliable and useful performance information that was supported by an adequate audit trail.
- The overall total expenditure for the Western Cape municipalities amounted to R42,8 billion for the 2012-13 financial period. This amount is made up of R11,3 billion for payroll costs (including councillors), R24,1 billion for goods and services and R7,4 billion in capital expenditure. The metro accounts for 70% of the total.
- Overall, the Western Cape'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 and disclaimed audit opinions, from four auditees to one auditee.
- Only Kannaland Municipality retained its adverse opinion with findings on compliance and performance information.
- Seven auditees (22%) managed to move from financially unqualified with findings to a clean audit outcome, while five auditees (16%) maintained their clean audit outcomes of 2012.
- Overall, there was a reduction in irregular expenditure reported, down to R102,7 million compared to R114,3 million in the prior year. The R101,6 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 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 in the red zone.

**End.**

## 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