

# // SECTION 2



*Introduction*

As the electoral term of the current government draws to an end, this report reflects on the limited progress made since 2014 in the financial and performance management of national and provincial departments and public entities.

In our 2016-17 report, we focused on the importance of accountability for government spending and highlighted the impact of poor financial and performance

management on areas such as the delivery of key government programmes, the poor state of affairs at SOEs, and the overall financial health of national and provincial departments that have continued regressing since 2013-14. We also continued to advocate the use of the 'plan+do+check+act' cycle, as demonstrated below, to continuously improve the processes, outcomes and services of departments and public entities – and thereby strengthen accountability.



This report demonstrates that over the past four years, the audit outcomes have shown little to no improvement and that the pace at which our recommendations are heeded remains slow. This has led us to choose **limited improvement in accountability for government spending** as the central theme of this report.

Section 3 **summarises the audit outcomes**. It covers all the areas we had reported on in the previous general reports, but now more simply and concisely.

We provide an overview of the **results and reflections per province** in section 4.

In section 5, we reflect on **financial management in national and provincial government** over the past four years.

Section 6 focuses on the **management and delivery of three key programmes** included in the estimates of national expenditure for 2017-18, namely water infrastructure development, EPWP, and housing development finance.

Section 7 is a continuation of what we had reported in the previous general report on the **governance, oversight and financial sustainability of SOEs**.

We explain more about our audit process and terminology in section 8. Our website ([www.agsa.co.za](http://www.agsa.co.za)) includes **detailed annexures** that provide the key results per department and public entity.

Please note the following important matters when reading this report:

- National and provincial government consists of 758 auditees. The audit outcomes of 78 public entities audited by private auditors, 60 dormant public entities, 2 secret service auditees, 1 South African Revenue Service revenue account, and 16 public entities with different reporting cycles are not included in the analysis presented in this report. As part of our audit methodology, we classified 167 public entities as small auditees based on the size and nature of their business. The audit outcomes of these public entities are also not included in this general report, but are published in the annexures available on our website.

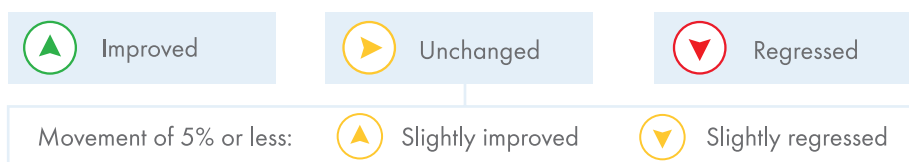
- We set the cut-off date for inclusion of audit outcomes in this report as 31 August 2018. Therefore, when studying the figures, please note that the percentages are calculated based on all completed audits of 393 auditees, unless indicated otherwise – such as in the following instances:

- In section 3, we also highlight the outcomes of audits concluded since our initial cut-off date of 31 August 2018. The cut-off date used for reporting on these audits is 21 October 2018.

- In section 7, we include the results of audits completed up to 28 September 2018 to provide a more comprehensive view of SOE outcomes.

- To determine the movements from the previous year and over the four-year period, we compared the results of the departments and public entities with completed audits with their results in 2016-17 and in 2014-15.

**Movement from the previous year is depicted as follows:**



**We use the following icons in this report to indicate:**



Explanations of terminology – we also explain more about our audit process and terminology in section 8



What we have found



Examples to illustrate the effects of weaknesses

**Please take note of the following abbreviations that are used often throughout this report:**

- AGSA** – Auditor-General of South Africa
- EPWP** – expanded public works programme
- HR** – human resources
- IT** – information technology
- MTSF** – Medium-term Strategic Framework
- PFMA** – Public Finance Management Act
- SCM** – supply chain management
- SOE** – state-owned enterprise
- TVET college** – technical and vocational education and training college

