



cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA



Briefing to Select Committee on Cooperative Governance & Traditional Affairs Operation Clean Audit in Municipalities

22 February 2011



Outline of Presentation



1. Background
2. Overview of Municipal Outcomes 2009/2010
 - Progress on performance of municipalities in respect of Operation Clean Audit
 - Some of the areas *to continue* concentrating upon during the 2011/12 financial year
3. Key Partners

Background (1/2)



- Operation Clean Audit was launched in 2009
- The vision of Operation Clean Audit was "By 2014, all 283 municipalities and 9 provinces' departments in South Africa will have achieved clean audits on their Annual Financial Statements and maintaining systems for sustaining quality financial statements and management information". (emphasis added)

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Background (2/2)



- Specific targets for municipalities:
 - 2010/11 financial year: No municipality achieving disclaimer or adverse opinion;
 - 2012: At least 60% of the 283 municipalities achieving unqualified audit opinion;
 - 2013: At least an increase in municipalities achieving unqualified audit percentage to 75%; and
 - 2014: All municipalities achieving unqualified audit opinion.

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Overview of Municipal Audit Outcomes for 2009/2010 (1/3)



- The Auditor-General **has still to publish (release) the “Consolidated General Report on the Local Government Audit Outcomes: 2009-10”**.
 - The information in this briefing is based on work-in-progress based on Reports of audit outcomes as obtained from both or either provincial departments responsible for local government and the provincial offices of the Auditor-General, and is still subject to change as information pertaining to 47 municipalities is still outstanding at this stage.

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Overview of Municipal Audit Outcomes for 2009/2010 (2/3)



- Comparing progress in respect of the audit outcomes of the 247 municipalities (audit outcomes for 36 municipalities not finalized timely) in respect of 2008/09 and the 236 municipalities (47 municipalities still outstanding) in respect of 2009/10 financial years, so far the national picture of audit outcomes is as follows:
 - 62 municipalities have improved upon their 2008/09 audit outcomes;
 - 15 municipalities have regressed; and
 - 159 municipalities remain unchanged

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Overview of Municipal Audit Outcomes for 2009/2010 (3/3)



Type of audit opinion	2008/09 audit outcomes	2009/10 audit outcomes
Disclaimers	81	50
Adverse opinions	8	7
Qualified opinions	47	49
Unqualified with other matters	107	125
Unqualified with no other matters	4	5

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Some of the areas to continue concentrating upon during the 2011/12 financial year(1/2)



- Supporting municipalities to establish/re-establish Municipal Public Accounts Committees after the LG elections
- Supporting municipalities to establish internal audit and risk management units
 - 225 municipalities have own, 21 municipalities are sharing while 37 don't have.

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**Some of the areas to continue
concentrating upon during the 2011/12
financial year(2/2)**



- Supporting municipalities to establish Audit Committees
 - 193 municipalities have own, 46 municipalities sharing while 44 municipalities don't have.
- Monitoring and supporting municipal action plans to address previous audit outcomes

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Key Partners:



Among others, key partners in supporting municipalities include the following:

- Provincial departments responsible for LG;
- The National Treasury and provincial treasuries;
- Salga;
- The Auditor-General;
- Association of Public Accounts (APAC)

Thanks

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