



ANALYSIS OF THE AUDIT OUTCOMES OF THE PROVINCIAL EDUCATION DEPARTMENTS FOR 2011/12 AND OTHER STRATEGIC PRIORITIES

27 February 2013

1. INTRODUCTION

In terms of section 188 (1) (a) of the Constitution of the Republic of South Africa, Act 108 of 1996, the Auditor-General (AG) must audit and report on the accounts, financial statements and financial management of all national and provincial state departments and administration. The same powers are given to the Auditor-General (AG) by Section 4 of the Public Audit Act (No. 25 of 2004). This paper aims to provide a concise analysis of the audit outcomes of the provincial Departments of Education for the financial year 2011/12. In addition, the paper makes a comparison between the 2011/12¹, 2010/11², 2009/10³ and 2008/09) provincial audit outcomes in order to measure progress in terms of financial management by provincial departments.

2. AUDIT OPINION PER PROVINCIAL DEPARTMENT IN 2009/10 AND 2010/11

| Province | Opinion 2008/09 | Opinion 2009/10 | Opinion 2010/11 | Opinion 2011/12 |
|---------------|-----------------|-----------------|-----------------|-----------------|
| Eastern Cape | Adverse | Disclaimer | Disclaimer | Disclaimer |
| Free State | Unqualified | Qualified | Qualified | Unqualified |
| Gauteng | Qualified | Unqualified | Unqualified | Unqualified |
| Kwazulu-Natal | Unqualified | Unqualified | Qualified | Qualified |
| Limpopo | Qualified | Disclaimer | Qualified | Disclaimer |
| Mpumalanga | Qualified | Qualified | Unqualified | Unqualified |
| Northern Cape | Disclaimer | Qualified | Qualified | Qualified |
| North-West | Unqualified | Disclaimer | Qualified | Qualified |
| Western Cape | Unqualified | Unqualified | Unqualified | Qualified |

Key Issues/Questions for Consideration:

- The state of financial management in the Eastern Cape provincial department appears to be a matter of serious concern to the South African society even though interventions have been done by the Minister of Basic Education. In the past four financial years as clearly indicated by the table above, the Eastern Cape provincial department received the following audit opinions from the Auditor-General: *adverse*, *disclaimer*, *disclaimer* and another *disclaimer*. In other words, the Auditor-General could not make an opinion because of lack of supporting documents. The question is:

¹Auditor-General (2012)

²Auditor-General (2011)

³Auditor-General (2010)



what are the inhibiting factors that hamper the progress of the Provincial Department of Education (PDoE) especial with intervention strategies in place? In what way does the provincial department intend to turn around the current financial management state in that province?

- Western Cape with its history of acceptable reports regressed from unqualified to qualified audit report. What are the reasons behind this regression? What plans does the Department have in place to sustain positive financial management results?
- Limpopo and North-West provincial education departments also do not show financial improvements and the trend of missing documents is also eminent. These provincial departments also should explain to the Committee as to how they plan to turn the situations around once and for all in their provinces.
- The Northern Cape provincial education department needs some serious monitoring by the Committee or perhaps the committee should seriously consider bringing the provincial department to explain itself and its plans of improvement.
- Kwazulu-Natal provincial education department got clean audit opinions in the 2008/09 and 2009/10 financial years, but it regressed to a qualified audit opinion in both the 2010/2011 and 2011/12 financial year. The question is: what could be the reasons behind this regression in financial management? What plans does the department have to address this regression and ensure that it returns to and sustain sound financial management?
- The number of Provinces improving in financial management is dropping from four to three provinces; the Committee must look at that.

2011/12 DBE Annual Report

The Department of Basic Education Annual report⁴ prepared for the Committee outlines the programme deliveries, highlights, achievement and challenges. However there is still a delivery gap in some key areas. To address that and attempting to seek clarity the Committee should consider the pointers below:

Key Issues for Consideration

- It is evident in the annual report that compliance is minimal in terms of submission. How provinces do intends to combat that as it filters across including on financial management?
- There is still a gap on infrastructure and incapacity is reported as the challenge. What plans and strategies are in place to address that? i.e. ablutions, classrooms and etc.
- Certain provinces i.e. Limpopo and Eastern Cape are beneficiaries of the Minsters interventions however their financial status, policy compliance and coordination is still not satisfactory. The Committee need to relook the status of these provinces.
- The continuity of infrastructural backlogs and financial injection do not tally as there

⁴DBE 2011/12 Annual report Presentation



are notable shortcomings on service delivery.

7. References

Auditor-General (2010). *Report of Auditor-General to Provincial Legislatures on the Financial Statements Departments of Sport, Arts and Culture for the year ended 31 March 2010.*

www.agsa.co.za

Auditor-General (2011). Report of Auditor-General to Provincial Legislatures on the Financial Statements Departments of Sport, Arts and Culture for the year ended 31 March 2011.

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