



## OPERATION CLEAN AUDIT

### Introduction

The critical work on operation Clean Audit 2014 is still continuing. If the goals of this important campaign of government are to be achieved, certain processes will have to be put in place. The Departmental focus on Operation Clean Audit 2014 during the 2011/2012 financial year has been to capacitate and assist Departments and Entities with regard to the following:

- Development, approval and implementation of policies and procedures.
- Compliance with SCM Legislative requirements.
- Credible and complete Asset and Inventory Registers.
- Improve management and reporting on predetermined objectives to enhance reliability, completeness and accuracy.

The focus areas for the Municipalities have included the following:

- Infrastructure Asset Management register and compliance with GRAP 17.
- Compliance with SCM Legislative requirements.
- Unauthorized, irregular and fruitless expenditure.
- Roll out of policy and procedures project to all municipalities

Whilst recognising the existing intergovernmental forums such as PCF, the Provincial Treasury has also sought to strengthen relations with the local government sector by having regular focused sessions with Members of Mayoral Committees (MMCs) responsible for Finance. The MMCs for Finance play a critical oversight role in the conduct of municipal finances. The strengthening of that oversight role will be a significant aspect of our work with municipalities.

Key focus areas of these interactions, will include amongst others:

- Enhancing of the institutional capacity of municipalities and relationships between Provincial Treasury and municipalities in the functional area of financial management.
- Improving communication, planning and co-ordination in implementing the financial management initiatives required by the MFMA and to prevent the duplication of effort.

### Provincial Audit Outcomes 2010/2011

The audit outcomes of provincial departments, provincial public entities and the Free State Legislature for the 2010/2011 financial year can be summarized as follows;

- Two departments, namely the Provincial Treasury and the Office of the Premier, obtained clean audits, i.e. financially unqualified with no other findings.
- Three departments, namely the Departments of Health, Human Settlements and Police, Roads and Transport achieved improved audit outcomes on the previous financial year. The Department of Human Settlements improved its audit outcome from "Qualified" to "Financially Unqualified with Findings". The Departments of Health and Police, Roads and Transport improved their audit findings from "disclaimer" to "qualified".
- The Departments of Social Development and Sport, Arts, Culture and Recreation as well as the Free State Provincial Legislature retained their audit outcomes of the previous financial year, i.e. "financially unqualified with findings."

- The Departments of Cooperative Governance and Traditional Affairs, Education and Public Works did not improve on the audit outcomes of the previous financial year and retained “qualified” audit opinions.
- Two Departments, namely Agriculture and Rural Development as well as Economic Development, Tourism and Environmental Affairs achieved worse audit outcomes than the previous financial year. Both departments received “qualified” opinions whereas in the previous financial year they received “financially unqualified with other findings”.
- The Free State Tourism Authority improved its audit outcome from the previous financial year’s “qualified” opinion to “financially unqualified with findings”.
- The Phakisa Major Sport Events and Development Corporation, the Free State Investment Promotion Agency and the Free State Liquor Authority retained their audit outcome of the previous financial year, i.e. “financially unqualified with findings”.
- The Free State Gambling and Liquor Authority (new public entity) received a “qualified” audit opinion for the 2010/2011 financial year.
- The Free State Gambling and Racing Board (previous public entity) received a “qualified” audit opinion for the 2010/2011 financial year.
- The James Robertson Bursary Fund, the Nature Conservation Trust Fund, the Private Patients Fund Trust, the Recreation Fund Trust and the Thomas Robertson Bursary Fund all retained their audit outcomes of the previous financial year, i.e. “unqualified with no other findings”.
- The audit outcomes of the Medical Trading Account, the Free State Fleet Management Entity and the Free State Housing Fund were “financially unqualified with findings”.

### **Municipal Audit Outcomes**

The audit outcomes of municipalities and municipal entities in the province for the 2009/10 financial year showed a steady reduction in audit qualifications.

Six municipalities showed improved audit outcomes. These are;

- Thabo Mofutsanyana District (from disclaimer to financially unqualified)
- Motheo District (qualified to financially unqualified)
- Xhariep District (disclaimer to qualified)
- Dihlabeng Local (disclaimer to qualified)
- Mantsopa Local (disclaimer to qualified) and
- Nketoana Local Municipalities (disclaimer to qualified)]

Thirteen municipalities remained unchanged as follows;

- Fezile Dabi District (financially unqualified)
- Lejweleputswa District (financially unqualified)
- Setsoto Local (qualified)
- Kopanong Local (disclaimer)
- Mafube Local (disclaimer)
- Maluti-A-Phofung Local (disclaimer)
- Mangaung Local (disclaimer)
- Matjhabeng Local (disclaimer)
- Metsimaholo Local (disclaimer)
- Ngwathe Local (disclaimer)
- Mohokare Local (disclaimer)
- Phumelela Local (disclaimer)
- Letsemeng Local (adverse)

One municipality (Tswelopele Local Municipality) regressed from financially unqualified to qualified.

Of the audit outcomes of the five municipal entities, two improved [Lejweleputswa Development Agency (qualified to financially unqualified) and Metsimaholo Mayoral Trust (disclaimer to qualified)] and three remained unchanged (Centlec, Maluti-A-Phofung Water and Fezile Dabi District Trust) as disclaimers.