

#### Box 7: Local government audit results

The Auditor-General's 2012/13 report on local governments comprising 319 audited institutions (8 metropolitan cities, 44 district municipalities, 226 local municipalities and 41 municipal entities) showed on aggregate, a slight improvement in the audit outcomes. Thirty entities, or 9 per cent of the total, achieved a clean audit with unqualified financial statements. While this was an improvement when compared with the 5 per cent obtained in 2011/12, it clearly indicates that much further work needs to be done.

In respect of 2012/13, 138 institutions had unqualified financial statements with findings of some inadequacies, 84 had qualified statements with findings, and 67 had an adverse opinion or disclaimer with findings.

The three most common causes of poor audit outcomes were identified as:

- a slow response by the political leadership in addressing the causes of poor audit outcomes;
- a lack of consequences for poor performance and transgressions; and
- key positions being vacant or key officials lacking appropriate competencies.

It was reported that both the Minister of Finance and the Minister of Cooperative Governance and Traditional Affairs would take firm corrective actions to proactively address the shortcomings of financial management in local government.

