

State irregular spending rises

R265m tenders to employees

By **Thabo Mokone**

Irregular spending by national and provincial governments is continuing to rise, albeit marginally at 1%, from R45.3bn in March 2017 to R45.5bn in March this year.

This is according to a report presented to a joint meeting of the standing committees on public accounts and appropriation yesterday by auditor-general Kimi Makwetu, in which he detailed the audit outcomes of more than 434 government entities for the 2017/2018 financial year.

Makwetu said the number that received clean audit outcomes (those who accounted properly for public funds) had declined during the period under review and had been doing so in the past four years.

He told MPs that of the 295 departments and entities that received unqualified audits, only 99 (or 25%) obtained such audits with no findings at all,

while 196 were unqualified audits with findings.

“The current year, in terms of clean audits, has shown an all-time low in terms of that we have only 99 departments that had clean audits, so the level of clean audits has unfortunately regressed,” he said.

“There are reversals of audits outcomes that were achieved in the previous year as well as the year before. So we’ve got a whole 75% of departments and entities that still need to do a significant amount of work to be able to produce reliable financial statements that are without qualifications.”

Makwetu said the bulk of the R45bn irregular expenditure was incurred by departments such as water and sanitation, correctional services, provincial departments of health in KZN and Gauteng, roads and public works in the North West and the Free State.

The SABC (R571m), airports operator Acsa (R544m) and arms maker Armscor (R12m) contributed the irregular expenditures incurred by state-owned enterprises.



Auditor-general Kimi Makwetu says government departments are at an all-time low in clean audits. / MOELETSI MABE

Makwetu said the figures were likely to rise and that the financial statements of other SOEs such as SAA and its subsidiaries and Denel were still outstanding. He did not expect them to paint a rosy picture.

He said poor procurement management and the submis-

sion of erroneous financial statements were the root causes of irregular expenditure.

Makwetu also revealed they could not conduct an audit of government tenders to the tune of R6.4bn due to missing or incomplete documents, while tenders to the tune of R265m

were to government employees, in breach of legislation.

The AG also reported that there was an increasing tendency among government departments to squabble with his staff about their audit findings.

“The audit environment has become one of major contestation, and we do not shy away from those contestations because they enrich the final outcome,” he said.

“But there are those contesting the audit because they don’t like [the results], not because they’ve got evidence to support their assertions. Sometimes people can’t live with the fact that one plus one is two, sometimes they want it to be a different answer.”

Scopa chairperson Themba Godi said the state of financial management in government would not improve until cabinet ministers started taking action against errant officials.

Godi said this was the reason the Public Audit Act had been amended: to make the recommendations of the AG legally binding in the same way as those of the public protector.

“We seem to be running away from the real culprits, the ministers and the directors-general. Those are people who must act, and we are always moving around them.”