2019-20 LOCAL GOVERNMENT AUDIT CYCLE

NATURE OF IDENTIFIED MATERIAL IRREGULARITIES (MIs)

96 Mls identified to date with an estimated financial loss of R2 billion



DISCLAIMERS - 21 MIs

Full and proper records not kept causing repeat disclaimers of opinion and resulting in substantial harm to municipalities (lack of service delivery and/or vulnerable financial position)



PROCUREMENT AND PAYMENTS

Non-compliance in procurement processes resulting in overpriced goods and services procured

1 MI R2,5 million estimated loss

Payment for goods and services that were not received or making invalid salary payments

18 MIs R285,9 million estimated loss



INTEREST AND PENALTIES

Eskom, water boards, loans and suppliers not paid on time resulting in interest

23 MIs R979,3 million estimated loss

Payout and value-added tax return not paid on time or incorrectly calculated resulting in South African Revenue Services interest and penalties

11 MIs R54,7 million estimated loss



REVENUE MANAGEMENT

Revenue not billed

8 MIs R182,3 million estimated loss

Debt not recovered

2 MIs R149,4 million estimated loss



INVESTMENTS AND ASSETS

Loss of investments

3 MIs R264,9 million estimated loss

Assets not safeguarded resulting in loss

9 MIs R116,6 million estimated loss

