



# The Southern African Institute of Government Auditors



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ADVANCING AUDITING AND ACCOUNTABILITY

## NEWS RELEASE



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Results of the thirteenth Annual Public Sector Reporting Awards have been published

*Note: Background information on the project is presented at the end of this document.*

Thirteen years ago, the Southern African Institute of Government Auditors (SAIGA) introduced a series of important awards in the public sector to recognize the pursuit of excellence in annual reports published by all provincial and national departments.

The Awards are called the Annual Public Sector Reporting Awards (or SAIGA Reporting Awards). The SAIGA Reporting Awards project produces twelve awards:

- one for the best report of a national department
- one for the best provincial department (for each of the nine provinces)
- one for the most consistent highest score over the last three years
- a twelfth award is made for the department obtaining the overall highest score.

The SAIGA Reporting Awards have become the public sector reporting benchmark – inspiring national and provincial departments to strive for better reports, disclosure and accountability.

This year's overall winner with the highest score of 96.43% is the Western Cape Department of Transport & Public Works. Previous winners were – 2013: Western Cape Department of Agriculture; 2012: Western Cape Department of Agriculture; 2011: Western Cape Department of Agriculture; 2010: Mpumalanga Department of Finance; 2009 & 2008: the Free State Department of Sport, Arts & Culture; 2007: the national Department of Education; 2006: the Free State Department of Health; 2005: the national Department of Sport & Recreation; 2004: the Free State Department of Health; 2003: the national Department of Housing; and 2002: the Department of Provincial & Local Government.

**The full list of 2014 winners for the financial reporting year ended 31 March 2013 is:**

Category (Province)	Winning Department (ranked from highest score downwards)	Score %	Average % for category
Overall winner	Transport & Public Works (Western Cape)	96.43	87.83 (all)
Western Cape (WC)	Transport & Public Works	96.43	91.45 (WC)
National	Communications	95.28	87.95
KwaZulu-Natal	Human Settlements	90.18	85.75
Northern Cape	Social Development	92.22	88.01
Gauteng	Economic Development	91.96	83.93
Free State	Treasury	94.13	88.71
Limpopo	Co-operative Governance, Human Settlements & Traditional Affairs	91.58	87.23
Eastern Cape	Safely and Liaison	94.39	90.75
Mpumalanga	Human Settlements	92.22	88.93
North West	Finance	91.94	85.63
Most consistent	Transport & Public Works (Western Cape)	96.43	87.83 (all)

Professor Dieter Gloeck, Executive President of SAIGA and Chairperson of the Award Committee, praised the high scoring departments and pointed to the overall sustained improvement in adherence to reporting standards since the inception of the awards thirteen years ago.

Consistent scores of above 90 percent are evidence that government departments apply the highest reporting standards – often confused with and overshadowed by media reports of mismanagement of funds and corruption. Whilst the occurrence of corruption and mismanagement is by no means condoned, positive publicity should also be given to achievements which relate to good accountability.

The proper disclosure (according to the reporting standards which are evaluated by the SAIGA Reporting Awards) of information relating to, for example fruitless and wasteful expenditure, irregular and unauthorised expenditure is after all the main source of information for the public debate: full sunshine enables and empowers.

Since the competition in this year's SAIGA Reporting Awards was intense, special mention should also be made of departments which achieved a high score, but were not category winners. SAIGA has therefore decided to publish a "Top 20" list.

Position	Name of Department	Percentage	Category (province)
1	Transport & Public Works	96.43	Western Cape
2	Communications	95.28	National
3	Agriculture	94.90	Western Cape
3	Tourism	94.90	National
5	Agriculture, Forestry & Fisheries	94.64	National
6	Human Settlements	94.39	National
6	Safety & Liaison	94.39	Eastern Cape
8	Treasury	94.13	Free State
9	Social Development	93.75	National
10	Economic Development	93.49	Eastern Cape
11	Sport, Arts, Culture and Recreation	93.37	Free State
12	Office of the Premier	92.98	Eastern Cape
13	Local Government	92.86	Western Cape
14	Higher Education & Training	92.60	National
15	Environmental Affairs & Development Planning	92.35	Western Cape
15	Local Government & Traditional Affairs	92.35	Eastern Cape
17	Provincial Parliament	92.22	Western Cape
17	Social Development	92.22	Northern Cape
17	Human Settlements	92.22	Mpumalanga
20	Public Enterprises	92.09	National

- The overall average score recorded by all departments this year is 87.83% - which is only 0.11 lower than last year's record score of 87.94%. Average scores in other years were: 2012: 87.17%; 2011: 87.44%; 2010: 87.25%; 2009: 87.36%; 2008: 86.34%; 2007: 84.95%; 2006: 86.0%; 2005: 82.83%; 2004: 80.49%; 2003: 75%; 2002: 70%.
- The high percentages are even more impressive if one takes into account that the number of evaluation criteria are steadily being increased as departments are required to disclose more detail in their annual financial statements. In the first year of the competition the maximum number of points was 410 marks compared to the 784 points this year (2013: 771).
- A total of 51 departments scored above 90%. In the first year of the Awards only three departments scored above 90% and in the second year only one department. The number of departments scoring above 90% in other years were: 2013: 59; 2012: 45; 2011: 41; 2010: 42; 2009: 39; 2008: 35; 2007: 21; 2006: 25; 2005: 19; and in 2004:11. Another steady improvement towards excellence – with a slight decline from the record last year.

- The “Top 20” list shows that the competition was stiff – the lowest percentage in the Top 20 is 92.09 %. This is also the fourth year in a row that all top 20 departments have a score above 90%. This year’s average score of the Top 20 departments is 93.58%. Previous averages were: 2013: 94.19; 2012: 93.79; 2011: 93.23%; 2010: 91.94%; 2009: 92.06%; 2008: 91.98%; 2007: 90%; 2006: 90%; 2005: 89%; 2004: 88%; 2003: 83%; 2002: 79%. It now seems that the top departments are consolidating around the 90% plus mark which is a remarkable adherence percentage.
- This year 4 departments (2013: 7; 2012: 5; 2011: 9; 2010: 8; 2009: 6; 2008: 8; 2007: 14; 2006: 8; 2005: 9; 2004: 8; 2003: 14; 2002: 27) did not qualify as their audit reports contained a disclaimer/ adverse opinion. Limpopo has three disqualifications, whilst the other is from North West.
- In 2011 SAIGA was concerned about the poor availability of the financial statements for public use as a total of seven departments were disqualified from the Awards due to the fact that their annual financial statements were not available (SAIGA works in co-operation with the Auditor-General to obtain the statements and also made numerous unsuccessful requests to the departments concerned to obtain the statements). The situation improved in 2012 and 2013 but this year there were nine not available (Eastern Cape: 6, Gauteng: 3, National 2).
- The departments in the Western Cape again recorded the highest average of 91.44%. The same province topped this list in 2013, 2012, 2011, 2010, 2009, 2008 and 2007. Five of the Western Cape departments feature in the *Top 20* list. The province with the lowest score is Gauteng with 83.93%. Gauteng now replaces Free State as the lowest scoring province (2013).
- This year 141 departments achieved a *70% plus* score and only two departments (National Parliament and the Gauteng Legislature) underperform by recording scores below 70%. In the first year of the Award (2002) only 47 departments exceeded the 70% barrier (2002: 137; 2003: 91; 2004: 122; 2005: 134; 2006: 142; 2007: 147; 2008: 145; 2009: 144; 2010: 145; 2011: 138 and in 2013 146 departments scored above 70%). As in previous years the national Parliament recorded a low score of 61.22% (2013: 60.83%; 2012: 59.15%; 2011: 69.50%). Only the Gauteng Legislature with 41.96 (2013: 42.93%; 2012: 44.07%) recorded a lower score. The lack of adherence to reporting standards by the Gauteng Legislature, and our country’s national Parliament in particular, is cause for concern and calls for an investigation.
- The prestige of achieving the most consistent high performance award over the last three years this year goes to the Department of Transport and Public Works. The Department of Agriculture in the Western Cape achieves the same score, but the rules determine that in the case of a tie, the overall position in the year under review is determines the winner (Transport & Public Works = 1; Agriculture = 3).

SAIGA’s Executive President highlighted the fact that the statutory performance reporting requirements of the *Public Finance Management Act* (PFMA) and the *Treasury Regulations* provided the South African public with a wealth of information not only about the financial results of the departments in an understandable format, but also gave a detailed account of the objectives which were set and whether or not these objectives were met. Further information which has to be disclosed includes reasons for non-performance and actions taken to rectify the situation. “If the financial and performance disclosure requirements are compared to those of the private sector and especially listed companies which attract investments from the general public, it becomes clear to what extent the private sector accountability arrangements lack behind the public sectors’. Yet the media awards hardly any attention to the achievements in terms of financial reporting in the public sector” remarks Gloeck.

end



## Background information

The Awards have been tailored according to similar projects and practices world-wide. SAIGA is managing this project with the support and co-operation of the Accountant-General as well as the Auditor-General (South Africa).

The Award Panel and the Technical Award Committee is constituted from SAIGA office bearers, experts in the field of public sector reporting, representatives of the Office of the Accountant-General and the Auditor-General. The fact that the Awards are managed and administered by an independent Institute which has been active in the public arena for the last twenty-six years adds the much desired elements of independence and credibility to the Awards. The quality assurance relating to the technical analysis and evaluation, is done by the Department of Auditing, University of Pretoria.

By-products of the Awards are the development of additional performance criteria (in the field of accountability and reporting) and benchmarking of reporting practices. The results of the evaluation process and the information so gathered will assist with the development of further guidelines for reporting and an increased public awareness of changes to the government's reporting practices.

Highly relevant developments are aligned to this project: i.e. the foundation of the Accounting Standards Board, introduction of internationally best accounting practices and higher compatibility of financial statements between the private and public sectors.

### Criteria for the Awards

Research by the Technical Award Committee identified the following principal characteristics that form the basis of good financial reporting: understandability, comparability, relevance, reliability and technical correctness.

The resultant criteria selected and weights used in assessing the financial statements and key issues in the annual reports for the year under review, are summarized in the table below.

Criteria and weights for annual reports and annual financial statements:

<b>Criterion tested</b>	<b>Weight</b>
Understandability (Accounting Officer's report)	83 points
Comparability	10 points
Relevance – timeliness	05 points
Reliability – general	30 points
Reliability – accuracy	30 points
Reliability – completeness	15 points
Technical correctness – general	25 points
Technical correctness – financial performance	74 points
Technical correctness – financial position	70 points
Technical correctness – cash flow statement	65 points
Technical correctness – notes to the statements	80 points
Technical correctness – disclosure notes to statements	104 points
Technical correctness – accounting policies	70 points
Technical correctness – appropriation statement	45 points
<b>Total for financial statements</b>	<b>706 points</b>
Key issues in the annual report	78 points
<b>TOTAL</b>	<b>784 POINTS</b>

Other items contained in the annual report, but not necessarily in the prescribed format of the annual financial statements, were also considered for the award (see bottom of the table above). These items were selected based on the view of the relative importance of these items in the annual report as a whole, as well as the anticipated future importance of the individual items. An adequate weight of 78 points was awarded to these items (they include, for example, performance information and information in the audit committee report).

Financial statements published with an audit report that contained a disclaimer or an adverse opinion, were *disqualified* from the Awards.

