

# Benchmarking financial reporting in the public sector

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Three 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.

This year's winner, the Free State Department of Health joins the list of previous winners (the national Department of Housing: 2003, and Department of Provincial & Local Government: 2003).

The full list of 2004 winners for the financial reporting year ended 31 March 2003 is:

<b>Category</b> (Province)	<b>Winning Department</b> (ranked from highest score downwards)	<b>Score %</b>	<b>Average % for category</b>
<b>Overall winner</b>	<b>Health (Free State)</b>	<b>94.18</b>	<b>81.07</b>
Free State	Health	94.18	81.07
National	Environmental Affairs & Tourism	93.28	85.10
Western Cape	Health	93.13	85.44
Limpopo	Office of the Premier	91.94	79.29
Eastern Cape	Provincial Treasury	91.64	79.21
Mpumalanga	Finance & Economic Affairs	89.25	81.24
North West	Finance	85.52	74.54
Gauteng	Development Planning & Local Government	84.18	79.79
Northern Cape	Sports, Arts & Culture	84.03	75.82
KwaZulu-Natal	Works	82.84	75.20
Most consistent	Trade & Industry (national)	92.69	85.10

A number of departments obtained high scores that set tough standards for others to follow. A highlight of this year's was the overall sustained improvement in adherence to reporting

standards since the inception of the awards three years ago. This bodes well for increased transparency and public accountability.

Since the competition 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	Position in last year's competition
1	Health (Free State)	94.18	37
2	Environmental Affairs & Tourism (national)	93.28	8
3	Health (Western Cape)	93.13	41
4	Trade & Industry (national)	92.69	3
5	Finance (Western Cape)	92.69	6
6	Government Communication & Information Systems (national)	91.94	7
7	Office of the Premier (Limpopo)	91.94	21
8	Provincial Treasury (Eastern Cape)	91.64	-
9	Public Enterprises (national)	91.34	2
10	Economic Development & Tourism (Western Cape)	90.90	23
11	Treasury (national)	90.75	51
12	Public Service Commission (national)	89.55	31
13	Sport, Arts, Culture, Science & Technology (Free State)	89.25	19
14	Finance & Economic Affairs (Mpumalanga)	89.25	111
15	Transport & Public Works (Western Cape)	89.25	-
16	Sport & Recreation (national)	89.10	17
17	Public Service & Administration (national)	88.66	-
18	Justice (national)	88.51	53
19	Local Government (Western Cape)	88.36	55
20	Office of the Premier (Mpumalanga)	88.21	98

- The overall average score recorded by all departments improved to 80.49% (2002: 75%; 2001: 70%).
- The score of 94.18% achieved by the winning department (Health - Free State) is the highest score that any department ever scored in the three years of the competition.
- A record total of 11 departments scored above 90%. In the first year of the Awards 3 departments scored above 90% and in the second year only one department.
- The "Top 20" list shows that the competition was stiff – the lowest percentage in the Top 20 is above 88% (2002: 83%; 2001: 79%).
- The Top 20 table shows that some departments recorded admirable improvements, for example: the winner, the Department of Health [Free State], improved from position 37 (last year) to first (this year). The Mpumalanga Treasury moved up from 111 to 14 and National Treasury from 51 to 11.
- Only 8 departments (2002: 14; 2001: 27) did not qualify as their audit reports contained either a disclaimer or an adverse opinion.

- A total of 122 departments scored above 70%. In the first year of the Award only 47 departments exceeded this psychologically important target and in last year's competition, 91 departments.
- The prestige of achieving the most consistent high performance award over three years goes to the Department of Trade & Industry.

From the evaluation of the public sector annual reports it becomes clear that departmental reports generally contain more information than the annual financial statements of listed companies. The main reason for this is that in terms of the *Public Finance Management Act* (PFMA) performance information is now also provided in public sector reports. Compared to the standard format of private sector audit reports, the audit reports by the Auditor-General also provide a much more detailed account of the audit findings.

Efforts need to be made to make the general public more aware of the existence of the annual reports of public sector entities. These reports contain a wealth of information that the public will find interesting and informative. This is all about being accountable and it will certainly contribute towards reducing the "service delivery expectation gap".

The SAIGA Reporting Awards are now firmly established and have become a highly visible instrument to monitor public accountability and transparency in the public sector.