

# Recommendations

## **Recommendations on how the Auditor General (AG) powers can be expanded**

The following report outlines recommendations on how the Auditor General powers can be expanded to ensure issues such as unauthorised, irregular, fruitless and wasteful expenditure are reduced or eliminated.

### **Definition of terms as defined in Municipal Finance Management Act Booklet**

*Unauthorised expenditure* - means expenditure that exceeded the budgeted amount or the amount that was not spent in accordance with the intended purpose.

*Irregular expenditure* - means expenditure spent without complying with applicable legislation.

*Fruitless and wasteful expenditure* - means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Based on the definitions alone we can conclude that these expenditures raise questions of legality of transactions if money was spent without complying with legislation. They also raise questions around the efficiency of Government departments or Municipalities.

### **Precedent set on Recommendations should apply to all Chapter 9 Institutions**

The first step would be to clarify what Auditor-General recommendations mean as we have seen in the Supreme Court Judgement on SABC v DA case. The powers of the Public Protector were clarified and the court found that the Public Protector's remedial actions have legal effect and cannot be ignored. Both these institutions are established under Chapter 9 of the South African Constitution and I would argue that the decision of the Supreme Court also sets precedence to the Auditor-General recommendations to be legally binding. If you think about it, how can these Chapter 9 institutions ensure good governance if their recommendations can just be ignored?

### **Recommendations**

To ensure good governance, the following should be done:

- The Auditor General should approve members of the Audit committee in any government department or municipality to ensure they are independent and have sufficient knowledge and skills for the position.

- The recommendations of the Auditor-General should be applied immediately after it has been issued and the Audit committee should constantly monitor the progress/application of the recommendations.
- Depending on size and complexity of the department or municipality, the Audit committee should brief Auditor-General on the progress of the application of recommendations on a period AG may deem appropriate.

This Submission is by Thato Rabanka