

# DRAFT PUBLIC AUDIT ACT AMENDMENT BILL, 2018

RESPONSE OF THE AUDITOR-GENERAL

14 MARCH 2018

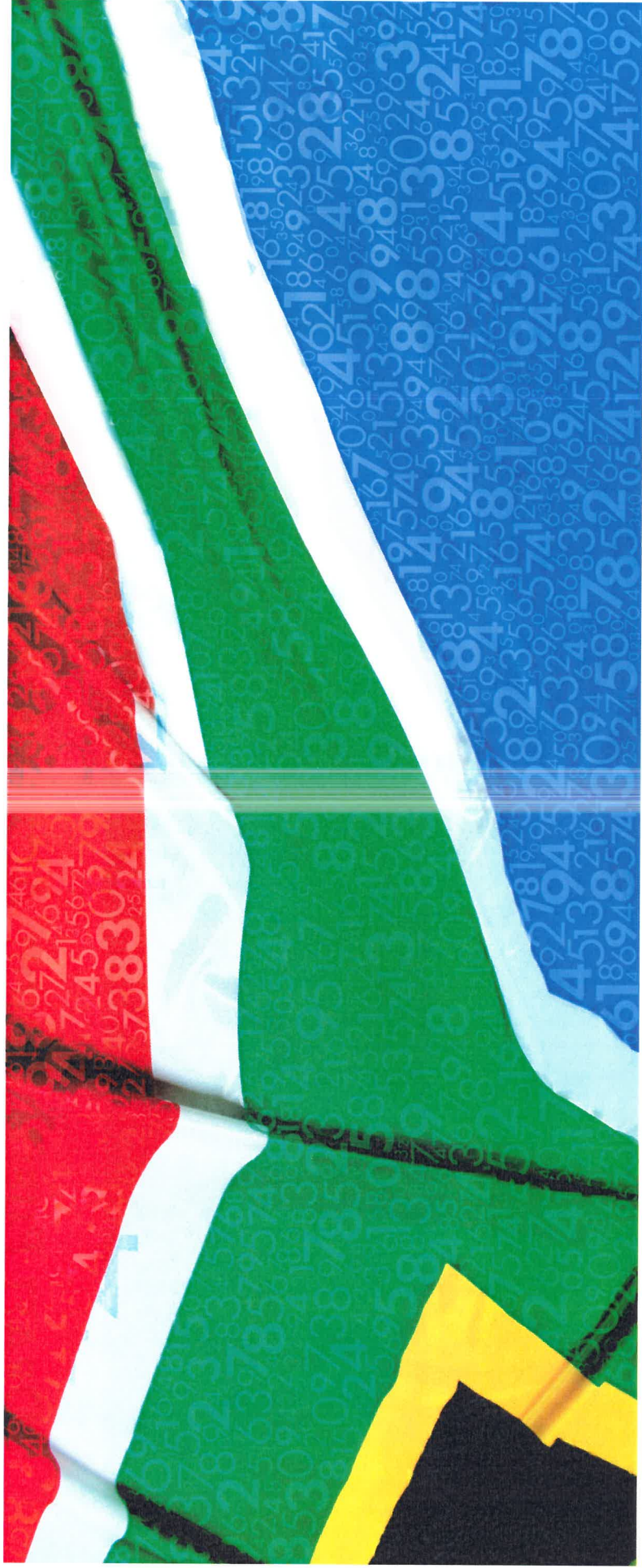


AUDITOR-GENERAL  
SOUTH AFRICA

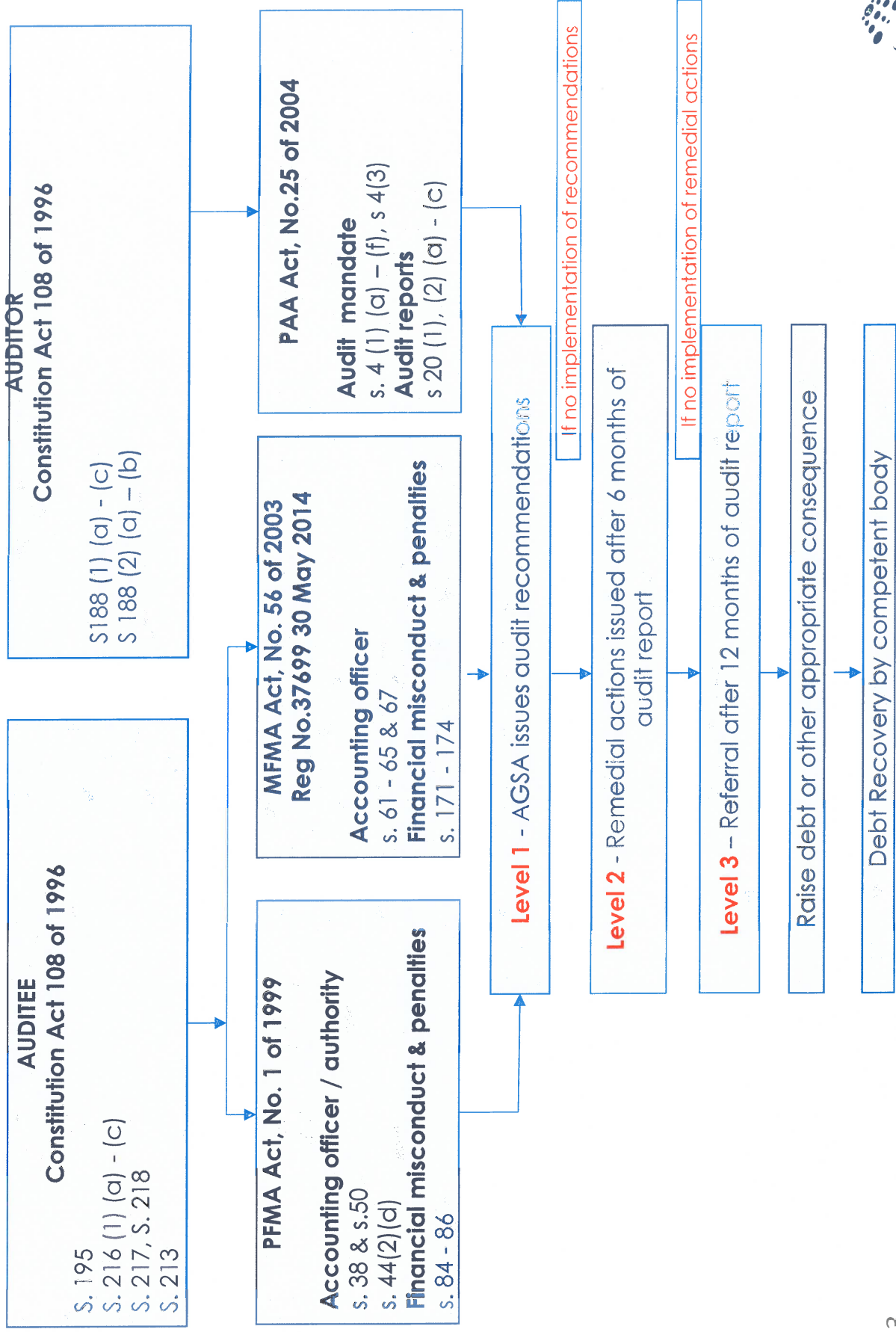


## OUR REPUTATION PROMISE

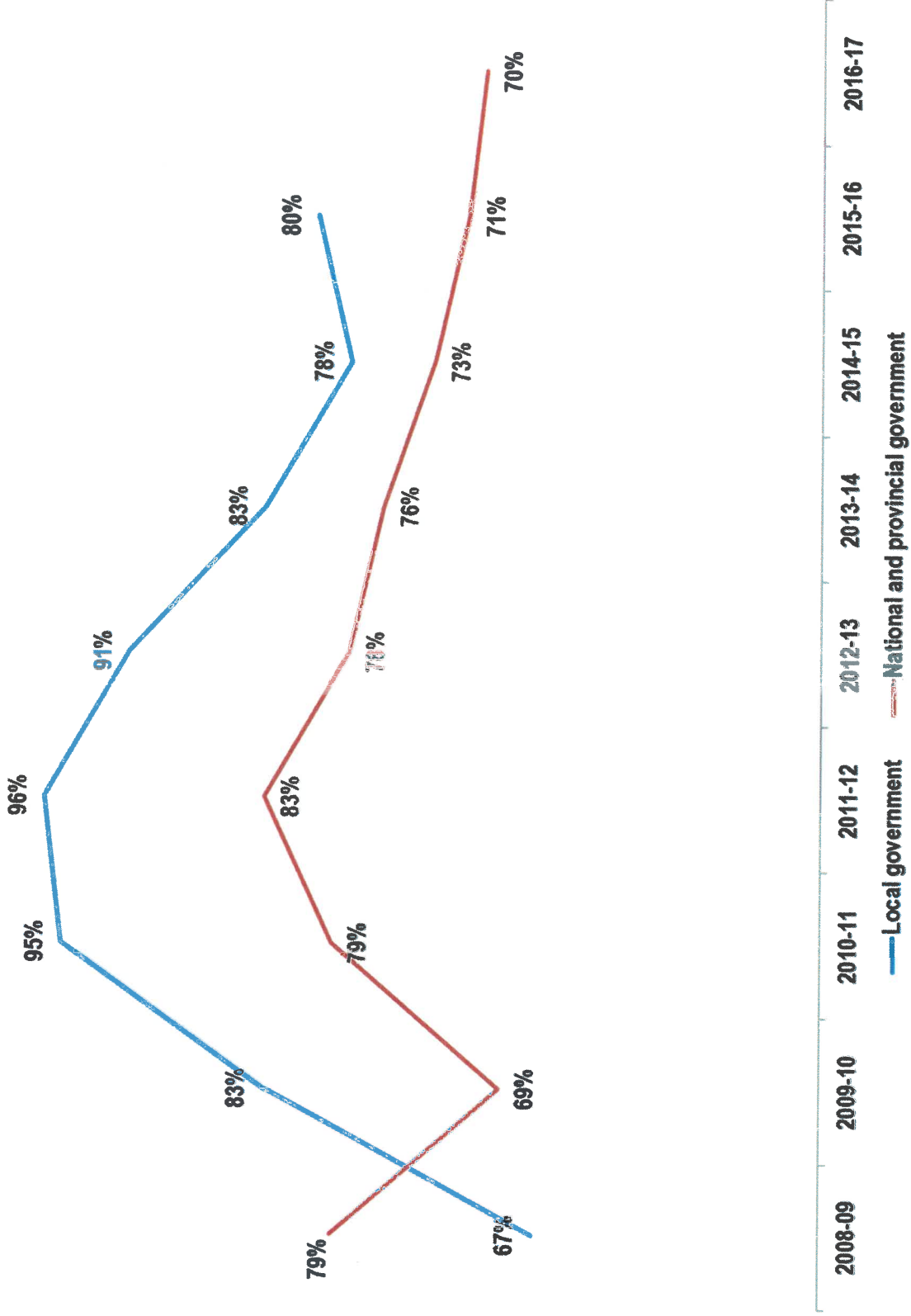
The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the supreme audit institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



# LEGISLATIVE INSTRUMENTS IN PLACE

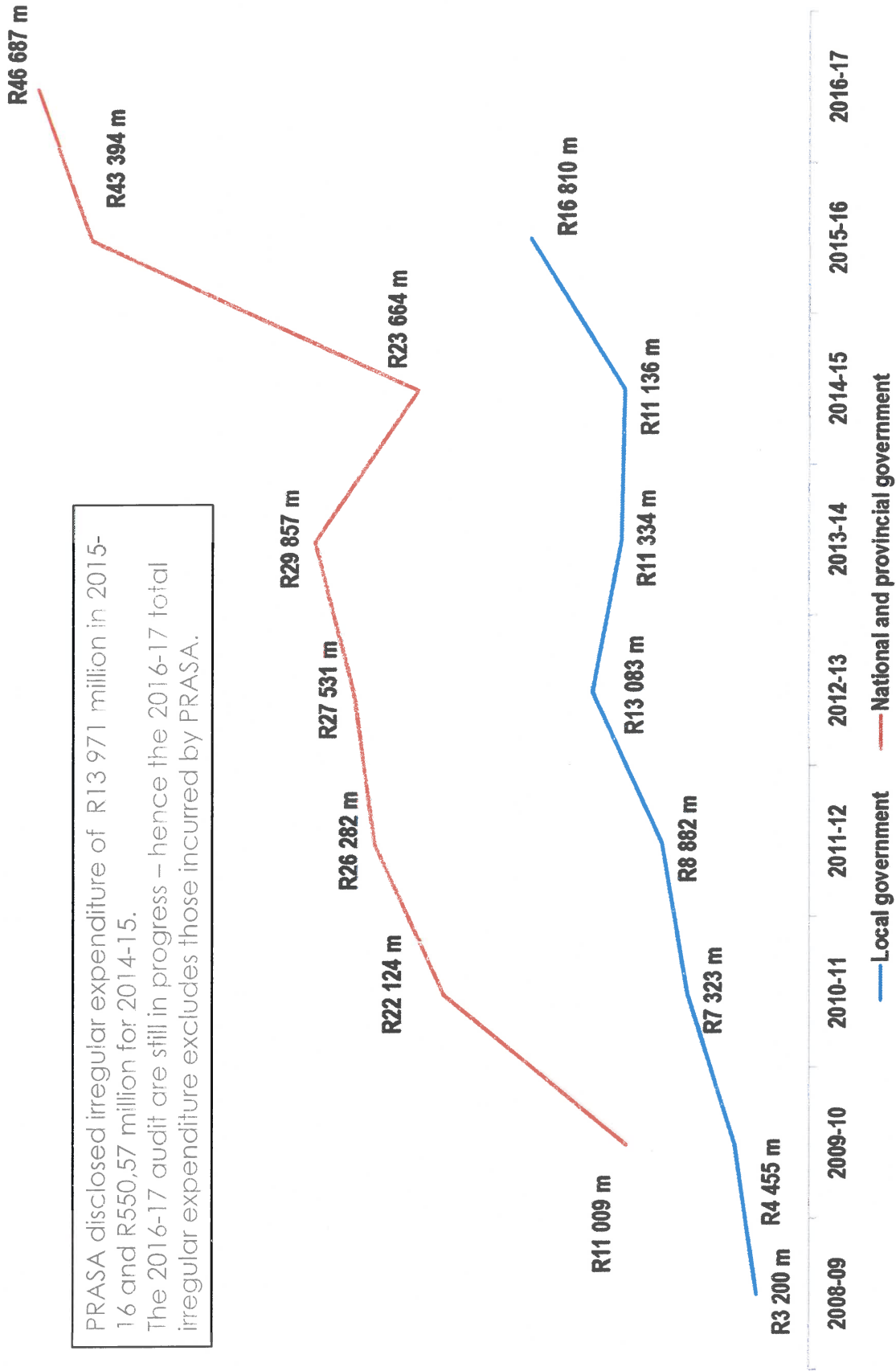


# AUDITEES NOT ACHIEVING CLEAN AUDITS

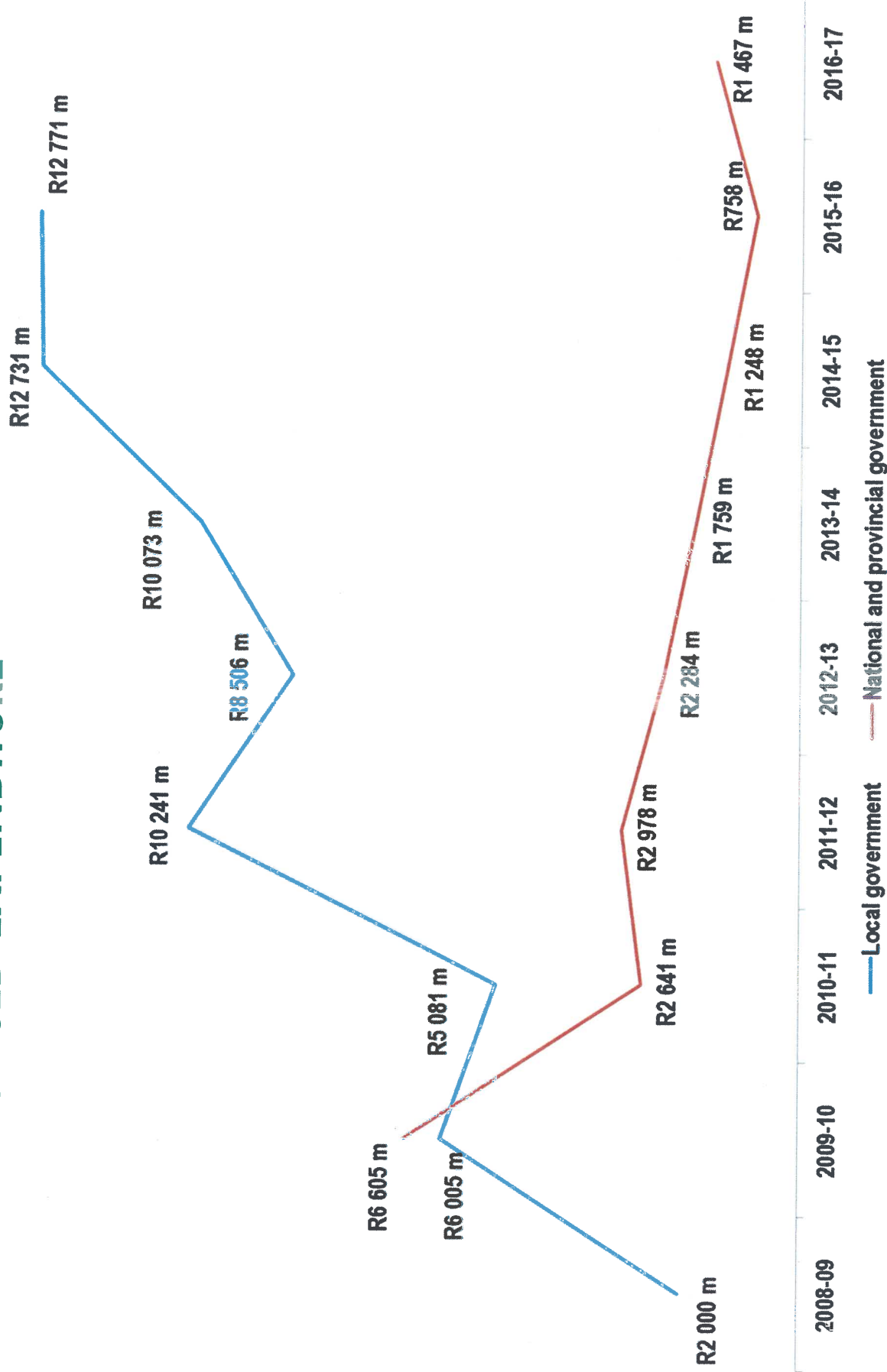


# IRREGULAR EXPENDITURE

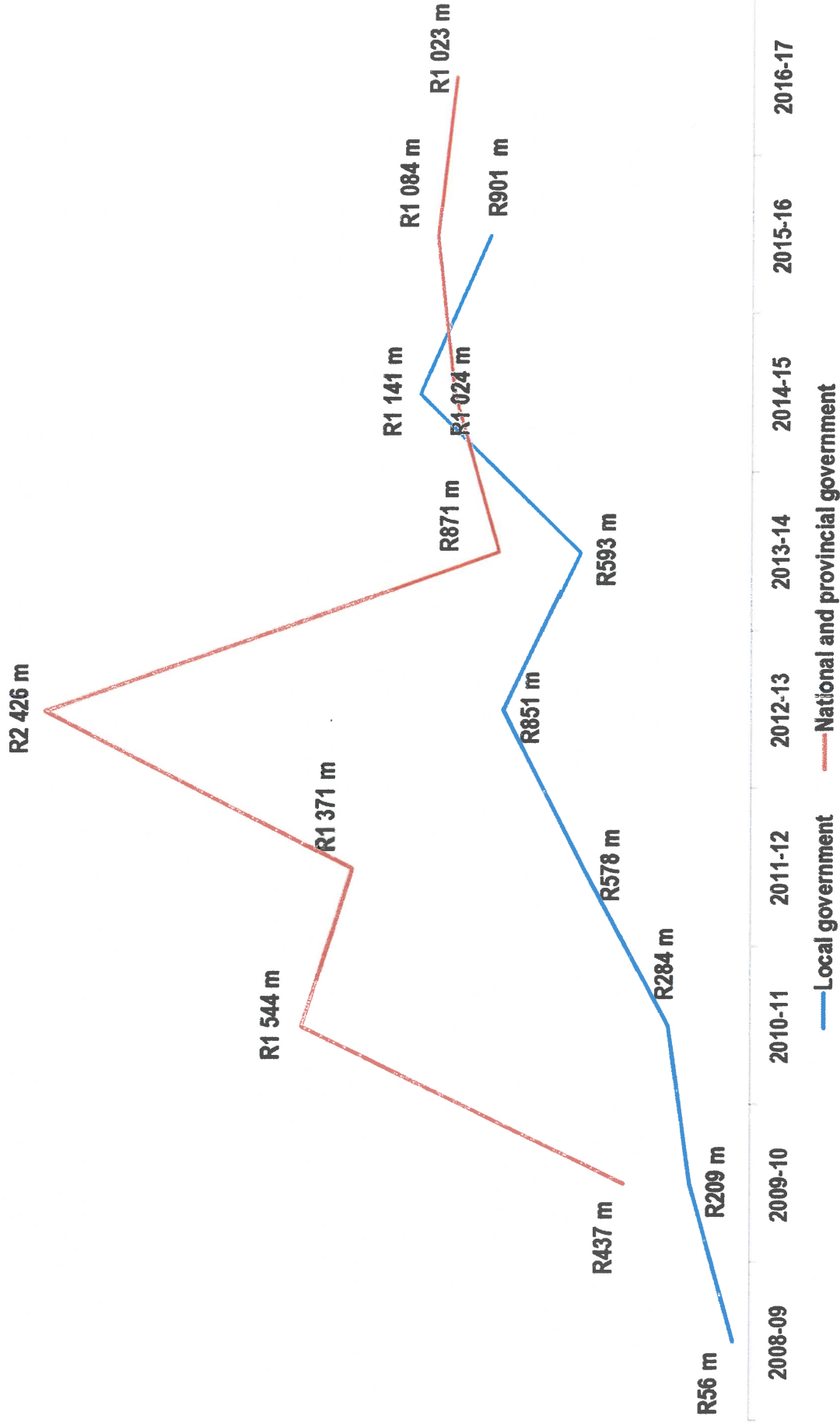
PRASA disclosed irregular expenditure of R13 971 million in 2015-16 and R550,57 million for 2014-15. The 2016-17 audit are still in progress – hence the 2016-17 total irregular expenditure excludes those incurred by PRASA.



# UNAUTHORISED EXPENDITURE



# FRUITLESS AND WASTEFUL EXPENDITURE



# RISKS THAT STILL PREVENT GOOD AUDIT OUTCOMES

The main **root causes** of auditees' continuing challenges with regard to financial management and service delivery management, are as follows:

- Slow response to improve internal controls and address risk areas
- Inadequate consequences for poor performance and transgressions
- Instability or vacancies in key positions or key officials lacking appropriate competencies

**Basic controls** that should receive specific attention:

- Effective leadership (political and administrative)
- Audit action plans
- Proper record keeping
- Daily and monthly controls
- Review and monitor compliance
- Human resource management controls
- Information technology controls

Discussions around **basic controls** normally focus on three areas:

- Leadership
- Financial and performance management
- Governance





# ELEVATING MESSAGES AROUND POOR AUDIT OUTCOMES AND RELATED ROOT CAUSES AND TRENDS

- Management reports that detail not only the findings, but also the root cause (what caused the finding) and **simple, clear and relevant recommendations** to address the root cause (2007/8 onwards).
- **Briefing the media** to emphasise important aspects of the reports tabled by the AGSA (2007/8 onwards).
- A **quarterly engagement programme** with accounting officers and executive authorities to share the status of controls (2009/10 onwards). The programme has been enhanced to focus on **status of records** as an early warning system (2016/17 onwards)
- **Roadshows** after each audit cycle to share the findings and recommendations with key ministers, provincial leadership and national and provincial legislatures (2009/10 onwards)
- **Door-to-door visits** by the Auditor-General to engage with mayors, councils and municipal administration (2009 to 2012)
- Providing a **consequence management** booklet to stakeholders which describes the legislative process in a simple manner (2011/12), clear pronouncement on lack of consequences (2012/13 onwards) and detailed analysis of lack of consequences in areas around procurement and irregular expenditure (2014/15 onwards)
- Supporting the **oversight process through briefings** to the public accounts committees and portfolio committees (ongoing)
- **Working closely** with the National Treasury, Accounting Standards Board, departments of public service, performance monitoring and evaluation and cooperative governance to find solutions towards improved financial and performance management (ongoing)





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MONOPOLY

DISCRETION

ACCOUNTABILITY

CORRUPTION



#AGSA

#AntiCorruption

Source: Robert Klitgaard (academic anti-corruption research)

