



MISSION

The Auditor-General of South Africa 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

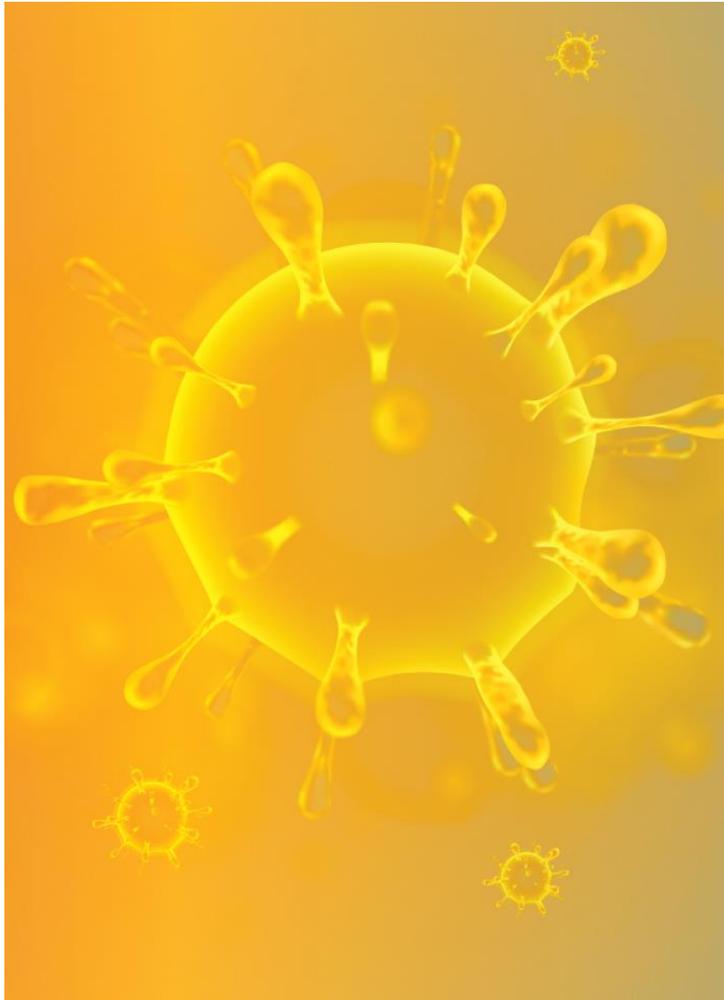


VISION

To be recognised by all our stakeholders as a relevant SAI that enhances public sector accountability



The role of the SAI in a disaster



The outbreak of the global Covid-19 pandemic has demanded an extraordinary response by governments around the world. The same applies to national audit offices.

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The value and benefits of supreme audit institutions -making a difference to the lives of citizens

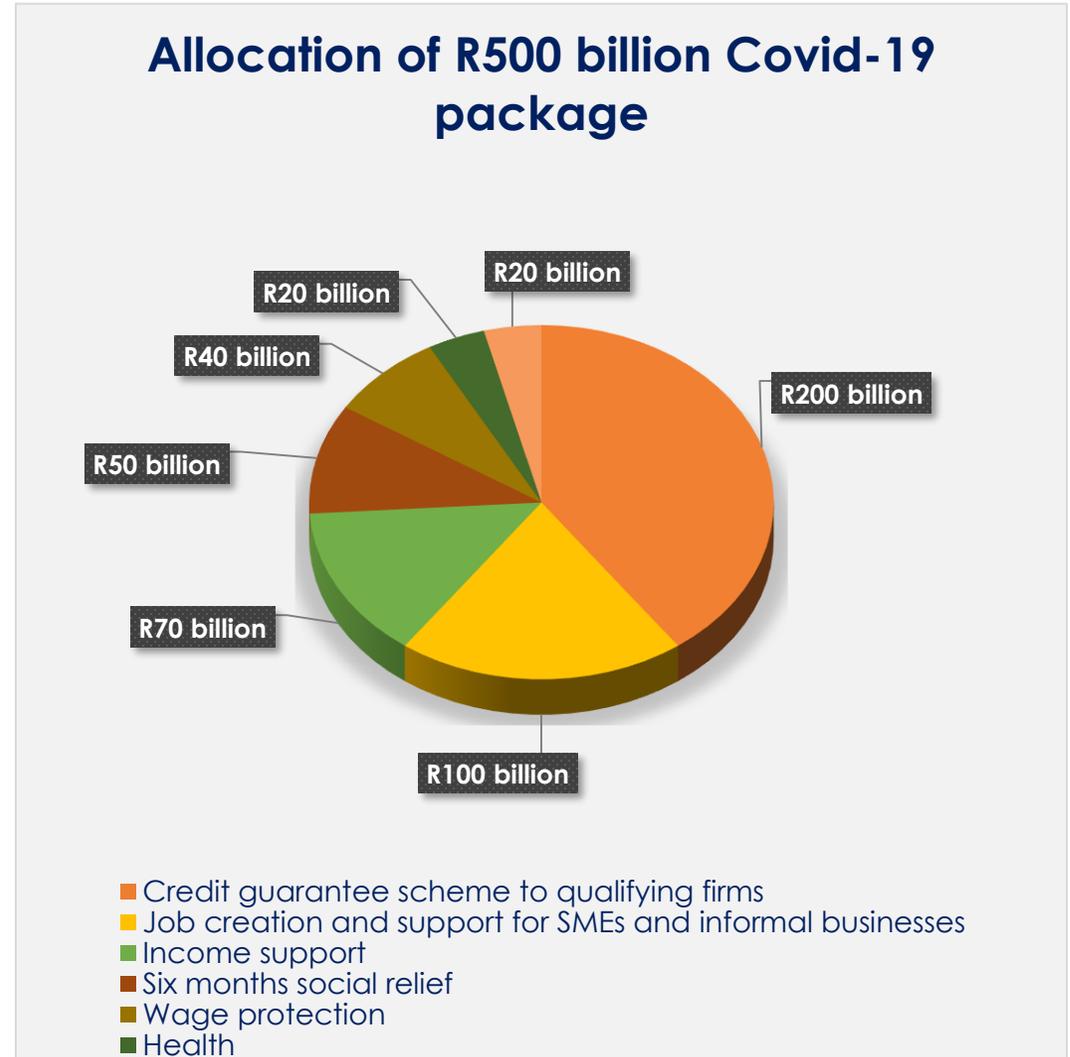
This cornerstone audit standard for national audit offices requires audit offices to be very responsive to how governments react to the crisis.

The International Standards for Supreme Audit Institutions (ISSAIs) [5500](#), [5510](#), [5520](#) and [5530](#), approved in Beijing in 2013, created a solid platform for the role of a national audit office.



Government's response to the disaster

Government announced a number of interventions to ease the disaster's impact on individuals and organisations. Made additional funding available for government to respond and assisted with the reprioritizing of budgets across government.



The fraud triangle

Experience internationally and locally shows that these types of circumstance create **opportunities for integrity violations**, most notably fraud and corruption, which could seriously weaken the effectiveness of government actions.



The AGSA's response to the state of disaster



Assured staff of our commitment to their health, safety and wellbeing by implementing safety measures in line with government standards



The executive committee met weekly to consider key matters and provide strategic direction to the organisation



Capacitated staff with necessary IT tools to enable effective remote working while ensuring the security of operations, e.g. using MS Teams for meetings



Restricted teams from engaging with auditees for a time to allow auditees to focus on their own Covid-19 strategic plans and implementation planning



The AGSA's response to interventions by government



Tracked government pronouncements and made them available to all staff



Continued critical engagements with oversight committees of Parliament and shared key messages on audit outcomes with provincial leadership during level 4 of the lockdown



Positioned the planned Covid-19 audit as fast-tracking existing audit cycles with separate real-time reporting rather than standalone assignments. Reprioritised audit work and discarded certain value-added aspects of the upcoming audit cycles



Will communicate the reduction in the scope of the audits in a special directive. The main areas of reduction will be the extent of the audit of compliance with legislation and the additional specific focus areas



Revisited reporting deadlines for upcoming audit cycles, together with the National Treasury, and adjusted to balance the effect of the pandemic and the need for accountability

The AGSA response: audit engagement plan



We engaged the president on the relevance and value of SAIs during Covid-19, demonstrating preventative controls to enable accountability



This resulted on an unprecedented pro-active focus of our audit work, to run concurrently with government's efforts



Auditees' Covid-19 expenditure not included in this audit will be audited and reported on as part of the normal statutory audit



The audit focus is material procurement, distribution of funds and related transactions, and processes used to respond to the pandemic and funded by:

- The R500 billion fiscal relief package
- Reprioritising budgets and grants across all spheres of government
- Any further funding made available as part of the ongoing response to the pandemic



The AGSA response: audit engagement plan (continued)

Some **interventions have not been included** in this plan yet, as the relevant auditees and sectors have not completed their budgets and planning and cannot provide the required information at this time. The main areas of exclusion (until more information becomes available) are:

The R20 billion allocation to municipalities

The R100 billion allocation for job creation and support to small business

The R100 billion loan guarantee scheme

Procurement of transversal contracts for PPE and Covid-19-related items.

The interventions and funding for basic education and the provincial departments of education

Interventions determined and budgeted at provincial level (province-specific interventions)

Interventions identified by departments, but the National Treasury has not yet approved additional funds



The AGSA response: audit engagement plan (continued)

Our audit will have three main components:



Prevention

Building on our strong stakeholder relationships and processes we will **engage with accounting officers/authorities and executive authorities** on the need to implement/strengthen **preventative controls** to address the increased risks and significant changes in their operations.

We will **test their implementation of preventative controls** (including automated controls) and report on any remaining risks, with recommendations on closing the gap.



Detection (audit)

High-risk transactions, payments, procurement and processes will be identified using a **risk identification process** enabled by **data analytics and a deep understanding of the environment**.

The **high risk items will be audited** –procedures will depend on the nature of the matter being audited e.g. emergency procurement or grant payments.

Findings will be reported to management as soon as they are identified to be addressed and any control weaknesses fixed before additional payments or distributions are made.



Reporting

Our audit, its outcome and the accounting officers/authorities' responses to weaknesses identified will be reported in **special reports** tabled in Parliament.



The AGSA response: audit engagement plan (continued)



The audit teams responsible for the normal statutory audits across the country will **perform the audit** supported by a **team of specialists** that include IT auditors, performance auditors and fraud experts.

Special reports will be issued and tabled in a similar manner to the annual general reports and sector reports.

We can view the audits as part of an **interim audit of the 2020-21** financial statements and compliance with legislation. Audit teams will **simultaneously complete** the 2019-20 audit.

We expect **limitations** in performing audits as the lockdown measures will continue to have an impact on the auditors' free movement for some time.



The AGSA response: audit engagement plan (continued)



The **health and safety** of our teams remain a priority.

Our stringent protocols and safety measures will reduce our ability to visit certain locations and to observe certain processes. Alternative procedures will be identified and implemented as far as possible.

We **will audit at different times**, depending on the timing of the interventions applicable to the auditee.

Overall, we expect the audits to **run from 11 May 2020 until 31 January 2021**, in view of the need to audit interventions at the municipal level.



The AGSA's response to the state of disaster



For a significant portion of these audits, we have already engaged the accounting officers. Engagements with the executive authority are being arranged



The multi-disciplinary teams have engaged with key auditees (Sassa and the UIF)



We are documenting a detail understanding of the processes, including flowcharts, controls noted, risks identified and procedures designed



We will communicate findings to the accounting officer immediately to implement corrective action



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