



AUDITOR-GENERAL
SOUTH AFRICA

Audit Committee briefing to the Standing Committee on the Auditor-General

16 September 2022



Introduction

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- This report emanates from information that the Deputy Auditor-General (DAG) shared with the audit committee after a scheduled meeting on 26 July 2022. The DAG informed the committee of an incident that occurred on 27 June 2022 in which the chief people officer (CPO) allegedly confronted the Auditor-General with a list of nine allegations relating to decisions that the Auditor-General had taken, including some during her tenure as the DAG.
- The DAG informed the committee that the CPO framed the Auditor-General's decisions as corrupt, unethical or unprofessional. Allegedly, the CPO then proposed a mutual separation in the form of a financial settlement in exchange for not publishing the allegations.
- The Auditor-General handed the matter over to the DAG for further consideration within the ambit of his responsibilities as the accounting officer of the institution and informed the chairperson of SCoAG of the incident.
- Upon the completion of an independent investigation into the conduct of the CPO and receiving a counsel's opinion on the legality of the Auditor-General's decisions, the DAG requested a meeting to brief the audit committee on the outcome of the investigation.



Purpose of the report

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The purpose of this report of the audit committee is to formally brief SCoAG on –

- The process followed to legally assess the allegations of corrupt, unethical or unprofessional behaviour against the Auditor-General
- The outcome of the independent legal assessment of the decisions taken by the Auditor-General that gave rise to the allegations

Applicable policy requirements



Application and policy requirements

- The AGSA's complaints policy and procedures provide that allegations or complaints against the Auditor-General as a person must be submitted to the DAG to forward the complaint or allegations to SCoAG.
- The audit committee was advised that, in confronting the Auditor-General directly with his allegations, the CPO not only breached the AGSA's complaints policy and procedures, but also contravened the procedural requirements of the Protected Disclosures Act 26 of 2000 for disclosures made to an employer.
- Section 6 of the Protected Disclosures Act requires a disclosure made to an employer to be in accordance with the employer's process prescribed for that purpose. This unprocedural step by the CPO left the Auditor-General with no plausible choice but to self-report the matter to the DAG for further assessment and engagement with relevant oversight structures.



Steps taken by AG and DAG

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- The Auditor-General immediately notified the DAG of the incident and, two days later, met with the DAG in person and requested him to have the matter investigated independently and thereafter she informed the SCoAG Chairperson about the allegations. On 26 August 2022, the Auditor-General, with the support of the DAG, formally briefed SCoAG on the incident with the CPO.
- The DAG has kept the audit committee informed of the nature of the independent legal assessment conducted by advocate Werner Krull, the legal counsel, who was instructed by Bowman Attorneys.
- Although the attention of the audit committee is focused (for now) on Adv. Krull's legal opinion, we are advised that both the Bowman's investigation report into the conduct of the CPO and their report on the control weaknesses identified contain a number of recommendations for the DAG to consider. The committee will engage the DAG on those recommendations in due course.
- The audit committee also engaged with the author of the legal opinion, Adv. Krull.
- The Auditor-General subsequently engaged with the audit committee.
- The committee was satisfied with the Auditor-General's open and frank responses to the questions posed by its members.



Conclusion of the audit committee

Conclusion

- The audit committee commends the Auditor-General for living up to the constitutional values of transparency and accountability by subjecting the nine allegations to independent and objective scrutiny.
- Having thoroughly interrogated the legal opinion, the audit committee noted process-related weaknesses in two out of the nine allegations against the Auditor-General, namely the calculation of interest paid to the deceased estate of the Late AG Mr Makwetu and the appointment of the Head of Communications. These isolated matters of procedure will be considered in the broader context of the AGSA's organisational risk assessment. The executive leadership committed to include the procedural weaknesses in a plan for the committee's monitoring at its scheduled meetings.
- The committee's study of the legal opinion also revealed an emerging governance concern. This concern relates to the untenable situation where the DAG determines certain conditions of service of the Auditor-General, a constitutional functionary that the DAG reports to.
- The AGSA will address this concern in due course. The audit committee will provide the necessary counsel to management, if and where appropriate.

Thank You