

Overview of AGSA, and overview of AGSA interaction with Parliament

Regarding the AGSA mandate

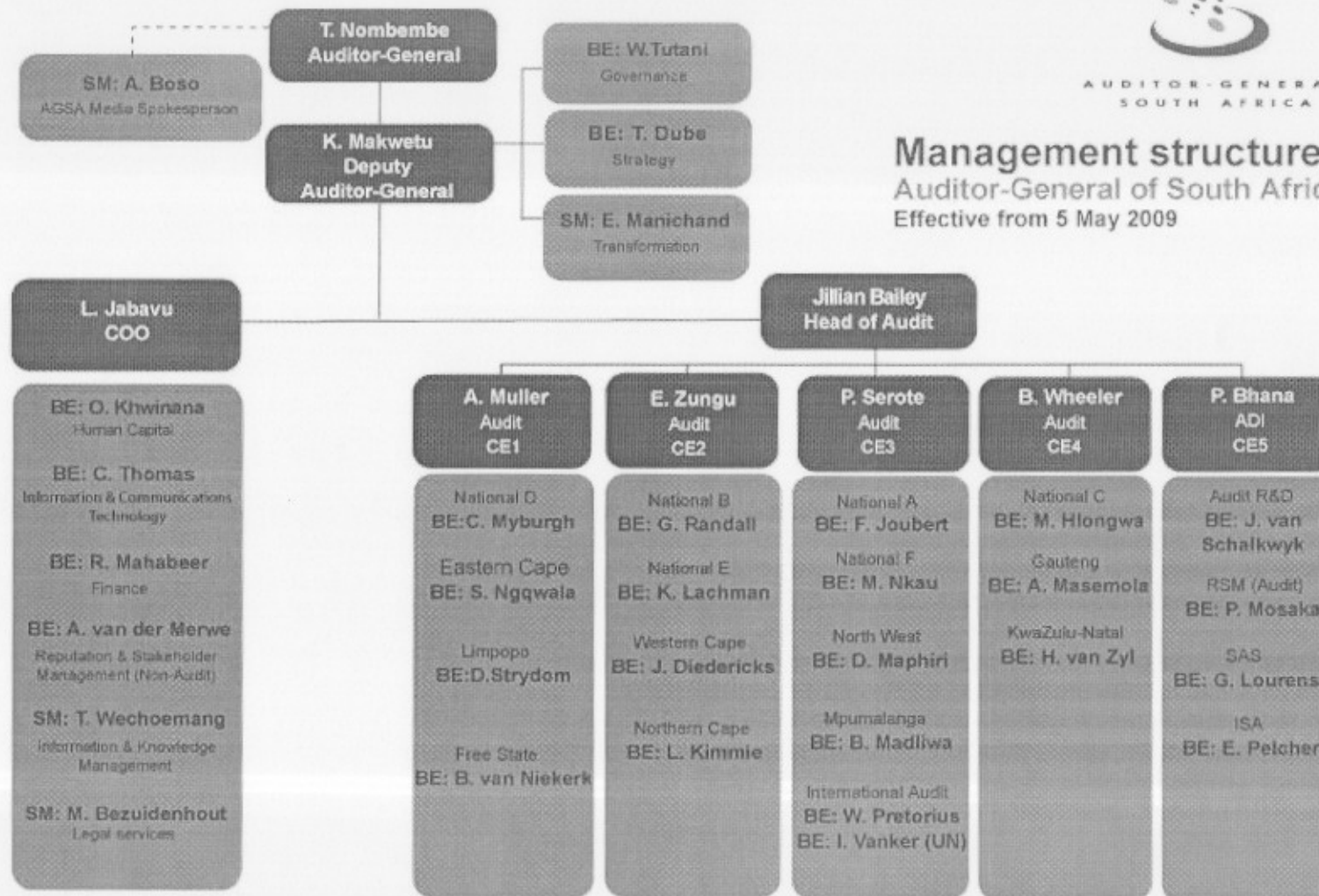
- The AGSA is the Supreme Audit Institution of South Africa and is recognized as such in the Constitution of South Africa. In terms of our constitutional mandate, the AGSA exists to strengthen our country's democracy by enabling *oversight, accountability and governance* in the public sector through auditing.
- We therefore look forward to interaction with parliamentary stakeholders such as SCOPA in relation to our various audit reports, thereby making a contribution to the enhancement of public sector accountability.
- The achievement of unqualified reports in all spheres of government is central to the realisation of the AGSA mandate, and we know that SCOPA has a direct interest in this objective as far as the national accounts are concerned. To this end, we strive to ensure simplicity, clarity and relevance of the messages contained in all our reports. We will therefore bring to the 4th Parliament audit reports with clear messages about the significant areas of concern in the accounts of the national departments and public entities, and will interact with you in order to elucidate the content and context of the audit findings contained in the reports where necessary. We are committed to assist you to fulfill your oversight obligations in a more informed manner.
- To this end we look forward to a positive, constructive working relationship with SCOPA. We believe that the information and insight that the AGSA has to offer Parliamentary stakeholders can greatly assist members to achieve a deepened understanding of the key accountability and governance challenges in the public sector. Information and knowledge shared in the context of good relationships is so much more effective. If we accept that knowledge is now *the* primary economic resource, it is imperative knowledge will be created and made valuable by establishing rich interaction between the AGSA and SCOPA.
- The AGSA has also resolved to improve the visibility of our leadership. You will therefore have regular interaction with the most senior executives of the AGSA best suited to guide and direct with regard to the audit findings and possible corrective steps. The Auditor-General or I will be available in the case of sensitive or controversial reports, but the Auditor-General is also obliged to interact with a variety of strategic stakeholders in the other two spheres of government and therefore shares his time among all stakeholders in terms of priorities.

Regarding the structure of AGSA

- The structure of the AGSA is reflected on the organogram circulated to you this morning (**refer to organogram on next page**).
- Although the AGSA consists of 15 audit business units, you will interact with the senior staff of the six national audit business units. The other nine units are responsible for auditing the provincial and municipal spheres of government. (The Head of Audit and the Corporate Executives will provide more detail on the work of the national audit business units later this morning.)



Management structure Auditor-General of South Africa Effective from 5 May 2009



COO = Chief Operations Officer CE = Corporate Executive BE = Business Executive SM = Senior Manager ADI = Audit Development & Innovation
RSM = Reputation & Stakeholder Management R&D = Research and Development SAS = Specialised Audit Services ISA = Information Systems Audit

Regarding the AGSA products

- The AGSA annually produces audit reports on all government departments, public entities, municipalities and public institutions.
- Over and above these entity-specific reports, the audit outcomes are analysed in general reports that cover both the Public Finance Management Act and Municipal Finance Management Act audit cycles. (A copy of the last general report on the outcomes of the national audits arising from the PFMA audit cycle in respect of the 2007/08 financial year has been circulated to you this morning.)
- The AGSA also reports on discretionary audits, performance audits, and other special audits. I note that SCOPA has scheduled briefings on three of these special reports at the end of this month. It is the intention of the AGSA to incrementally produce more performance audit reports.
- The Auditor-General tables reports to the legislatures with a direct interest in the audit, namely Parliament, provincial legislatures or municipal councils. These reports are then used by these bodies in accordance with their own rules and procedures for oversight. Although Rule 206 of the National Assembly require the referral of all reports of the AG to SCOPA, we expect that other committees of Parliament will from time to time continue to interact with the AGSA on the content of audit reports in their area of competence. We are aware, however, that Parliament has undertaken to investigate means whereby the oversight activities of its various committees can best be coordinated, and we will provide full cooperation as far as these initiatives are concerned.
- We have taken note of the recent panel assessment recommending the production of committee reports of an improved quality, and although SCOPA has produced committee reports of the highest quality in the past, we will ensure that our briefings on audit reports will enable the production of well-informed committee reports. However, out of respect for the credibility and independence of SCOPA, direct assistance by AGSA with regard to the drafting of committee reports will not be offered.
- We are ready to audit the responses by accounting officers to the recommendations of parliamentary committees as part of the annual audit process. To this end we look forward to the timely issuing of committee recommendations so that accounting officers are obliged to disclose their corrective actions in the notes to the financial statements in time for the response to be audited by June every year.

I would now like to hand over to the Head of Audit and corporate executives to introduce themselves.