



AUDITOR - GENERAL
SOUTH AFRICA

MEDIA RELEASE

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AGSA undertakes real-time audits on flood relief

PRETORIA – The auditor-general (AG), Tsakani Maluleke, welcomed President Cyril Ramaphosa's call for flood disaster relief funds meant for the KwaZulu-Natal and Eastern Cape provinces to be properly accounted for, and for the state and its people, to receive value for money.

In response to the president's call, the AG authorised that the AGSA should undertake real-time audits of the funds set aside to provide much-needed relief to communities in flood-ravaged areas.

Maluleke said, “we have an important role to play in providing independent assurance that public funds are accounted for and are being used as intended.

Maluleke further said, “our multi-disciplinary teams of forensic, information system, performance and financial/regularity auditors working in a coordinated manner will conduct a focused and meticulous audit to ensure that any potential fraud, wastage, and theft are identified and reported immediately to accounting officers, who as the appointed stewards over public funds, must take the necessary corrective action

This is a mammoth task that requires three levels of government working together in collaboration. As the national audit office, we are ready to play our role in ensuring that the funds reach the affected communities.

The AGSA audits will follow the expenditure on key priority areas identified by the government, which include but are not limited to the reconstruction of destroyed infrastructure like housing, roads, hospitals, schools as well as the provision of social relief, water, and sanitation services.

What is a real-time audit

A real-time audit is an early audit aiming to prevent, detect and report on the findings to ensure an immediate response to prevent leakage, potential fraud, and wastage. Real-time audits equip accounting officers and accounting authorities of public institutions to act quickly on weaknesses in controls and prevent further losses. A real-time audit also enables immediate oversight and consequence management.

A real-time audit is still reactive and, therefore, transactions must take place for the audit to provide independent assurance that the transaction was performed correctly, that purchased goods or services were of the right quality and that they reached the intended beneficiaries. It must also determine that the transactions that took place complied with the requisite laws and regulations.

In 2020, after the outbreak of covid-19, the AGSA conducted real-time audits of the high-risk transactions that were part of the R500 billion allocated for mitigation measures and issued three special reports. The audit was able to identify key weaknesses that should not be repeated. These included:

- reconciliation and tracking of transactions
- weak internal preventative controls
- continued deficiencies in supply chain management
- technological weaknesses
- poor record-keeping
- poor quality of service and goods.

"We must remind accounting officers and accounting authorities that clean governance and accountability do not fall away because of the emergency, however catastrophic. Vigilance and adherence to control mechanisms will inspire public confidence" further said Maluleke.

The accounting officers and authorities have been entrusted with the management and disbursement of funds during the state of disaster which includes:

- effective, efficient and transparent systems of financial and risk management and internal control
- effective, efficient, economical and transparent use of resources
- prevention of unauthorised, irregular and fruitless and wasteful (UIFW) expenditure and other losses
- ensure full and proper records of the financial affairs are kept
- take disciplinary or, when appropriate, criminal proceedings against any official who has allegedly committed an act of financial misconduct.

The internal audit function further plays an important role in assisting the accounting officers and authorities by providing independent assurance on internal controls, financial management, risk management, performance management and compliance with legislation.

The National and Provincial Treasury roles remain critical during the state of disaster in continuing to promote and enforce compliance with the PFMA and MFMA.

“Accounting officers and authorities must exercise vigilance and put in place adequate preventative controls to prevent any material irregularities. This is important in our quest to inspire confidence in the system of accountability” concluded Maluleke.

The AGSA extends sincere condolences to the bereaved and all those affected families.

End.

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Contact: Africa Boso 0713653024 Africab@agsa.co.za



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About the AGSA: The AGSA is the country's supreme audit institution. It is the only institution that, by law, has to audit and report on how government is spending taxpayers' money. This has been the focus of the AGSA since its inception in 1911 – the organisation celebrated its 100-year public sector auditing legacy in 2011.