Simplifying audit opinions and findings to enable government leadership to exercise meaningful oversight towards clean administration

Auditor-General of South Africa (AGSA) on a drive to help national, provincial and local government improve their control systems and to empower leadership to hold public administrators accountable on financial management and service delivery

In 2007 my office embarked on an intensive drive to reach out, simplify and help make our audit opinions and findings understandable to as many South Africans as possible. Our initiatives have largely included making our audit reports simpler, clearer and more usable for all our stakeholders. To this end, we have travelled the length and breadth of our country, meeting and conferring with key decision-makers in government in an attempt to share and assist them in gaining a full understanding of our simplified reports which are now highlighting the root causes or source of obstacles that have hindered progress by government departments towards clean audit outcomes.

We embarked on these interactions with the heartfelt belief that our audit outcomes analysis contained in national and provincial general reports could help guide the legislators (parliamentarians), the executive (cabinet ministers) and the administrative arms of government to improve the state’s overall financial management and service delivery reporting. Throughout this eye-opening and exciting journey, we have been buoyed by the unwavering conviction that our role as public sector auditors goes beyond merely reporting on the financial statements and other audits of government. We have to report in a manner that enables the legislature and the executive to account for how they deal with taxpayers’ money. As indicated in the 2009-10 consolidated general reports, the AGSA’s latest summaries of audit results of national and provincial departments, as well as related entities, there is a positive, albeit steady, indication that it is possible for departments and public entities to obtain clean audit reports if the leadership at all levels takes a keen interest in the administration of their portfolios and ensures that the basic controls are in place and constantly monitored and that applicable laws are adhered to in order to sustain good financial management practices.

While we fully acknowledge that there is still a long road ahead before all spheres of government achieve the ultimate ‘clean’ audit outcomes, we are encouraged by the commitment and preparedness of those charged with governance and oversight to push even harder towards realising clean administration across all government spheres. But that final thrust, although a prerogative of government decision- and policy-makers, will only happen when all in the public service put their collective weight behind and influence initiatives aimed at improving good governance.

This leads me to one of the questions I am most frequently asked when addressing gatherings on our audit reports – “but AG, how can we, as government leadership and administrators ensure our administration improves for the better?”

Although there are numerous initiatives aimed at constantly improving the function of the state administration machinery, I always conclude the answer to this patriotic question by urging the poseur(s) to take time to read through and scrutinise our simplified audit reports (available on www.agsa.co.za) to gain insights into how the government sphere closest to them operate or they are in charge of is performing. These reports provide valuable insights into the manner in which public resources are managed and the impact this has on service delivery. We have over the years constantly endeavoured to simplify our reports to Parliament, provincial legislatures and municipal councils to enable legislators to perform the necessary oversight efficiently and effectively without having to go through copious documents.

We are also convinced that such simple reports will empower our government leadership to easily understand the critical issues affecting service delivery in their localities as well as nationally, thus enabling them to engage their administrative staff from an informed position.

When we presented our latest general reports we shared with leadership that we have now introduced a tracking tool which gives a quarterly snapshot of whether auditees have improved, remained stagnant, regressed or failed to implement audit recommendations towards clean administration since the last tabled annual audits reports.

This does not mean that the AGSA will now produce and table in Parliament quarterly audit reports, instead of the annual ones. This tool and approach we have developed is an internal control initiative aimed at assisting those charged with governance to spot and remedy loopholes in their administrative systems early, instead of waiting for the annual audit cycles legislated by the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA).

The tool is further aimed at facilitating discussions with the legislature and the executive in proactively helping them to focus on the key areas of concern in their respective portfolios. The engagements will thus facilitate a process of co-creation in refining the tool for each stakeholder to address its unique mandate and features.

Armed with this valuable, quarterly information which provides early warning signals, government leadership is able to have structured and constructive accountability sessions with their administrators on matters relating to effectiveness and status of key controls on financial management, compliance with stipulated regulations/laws and service delivery in their localities, departments or entities.

In instances where leadership has set the tone by fully adopting this tracking tool and implemented its key controls, we have noticed significantly improved audit outcomes.

This electronic column, launched in the centenary year of the AGSA, also forms part of our continued drive aimed at demystifying auditing and making it an easy-to-understand tool that those charged with governance and oversight can use to help strengthen our country’s democracy.

All comments, views and suggestions related to the contents of the article can be forwarded to: agsa@agsa.co.za.