



Preventative control guides

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Typical business processes of the institution



Supply chain management



Contract management



Payments



Employee processes and payroll



Asset and liability management



Revenue management



Preventative controls



Built on **strong control** environment with assurance provided by:

Senior management

Accounting officer/
authority

Internal audit unit
and audit committee

Preventative controls not designed or implemented or not working effectively

Material irregularities and poor audit outcomes

Consequences

Financial loss

Costly investigation

Disciplinary processes

Litigation



Why these guides

- Enable **oversight structures to assess whether the most important preventive controls are implemented** by institutions to address their main areas of risks. This will assist oversight structures to diagnose weaknesses in preventative mechanisms and focus their oversight efforts on obtaining assurance from the executive authority and the accounting officer or authority that those weaknesses are being effectively addressed in accordance with their legislated obligations.
- Enable the accounting officer or authority and the executive authority to effectively **address the assurance needs of oversight structures** pertaining to preventative controls.
- Create **general awareness of the role of the accounting officer or authority** and their legislated obligations towards good financial and performance management in their institutions.



Importance of preventative controls

GUIDE 1

Tone and control culture

GUIDE 2

Institutionalised internal controls

GUIDE 3

Procurement of goods and services

GUIDE 4

Preparation of financial statements

GUIDE 5

Asset management

GUIDE 6



What is included in the guides for each control



Controls accounting officers and authorities should implement



Questions oversight structures and executive authorities could ask to obtain assurance



Why it is important



Applicable legislation



Learn more about this control here



1. A demonstrated commitment to integrity and ethical values
2. Accounting officers and authorities provide independent oversight
3. Building and maintaining a strong control culture
4. Implementing effective consequences



1. Implement suitable risk management
2. Establish and communicate policies and procedures
3. Demonstrate commitment to competence
4. Use assessments of independent assurance providers



1. Use procurement plans to enable proper planning
2. Ensure adequate capacity and skills for supply chain management
3. Implement standardised, effective procurement processes
4. Safeguard against conflicts of interest



1. Ensure adequate capacity and skills to perform accounting and reporting activities
2. Implement standardised, effective accounting processes
3. Ensure proper record keeping and document control
4. Independently review and reconcile accounting records
5. Carry out in-year reporting and monitoring
6. Perform timely and accurate year-end reporting and monitoring



1. Keep proper records of assets and perform conditional assessments
2. Implement controls to safeguard and maintain assets
3. Ensure segregation of duties in management of assets



Further guides are planned

Transaction level controls - e.g. payments, information technology, contract management

Project management and delivery controls – e.g. infrastructure development and maintenance



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