

AUDIT PERSPECTIVES

ACCOUNTABILITY IS OUR PRIORITY, IMPLEMENTING THE PAA



Audit of performance information empowers citizens and legislators to monitor government delivery

Supreme audit institutions (SAIs) around the world are being called upon to move beyond just numbers – to ensure their relevance and demonstrate the value they add to lives of ordinary citizens and the institutions they audit.

This is precisely because their mandate includes speaking truth to power and holding elected officials accountable for how they use limited public resources, these SAIs rely on their independence and must be seen to be adding value to justify their existence and continued relevance.

The International Organization of Supreme Audit Institutions (Intosai) affirms that public sector auditing is important when it comes to making a difference in the lives of citizens. In 2013, the organisation noted that:

Once SAIs' audit results have been made public, citizens are able

to hold the custodians of public resources accountable. In this way SAIs promote the efficiency, accountability, effectiveness and transparency of public administration. An independent, effective and credible SAI is therefore an essential component in a democratic system where accountability, transparency and integrity are indispensable parts of a stable democracy.

The emphasis is on providing outcomes that will enable citizens to exercise their democratic right to hold public representatives accountable. In South Africa, the Public Audit Act empowers the auditor-general to audit the performance of government departments, municipalities and entities against predetermined objectives that are contained in their strategic plans and annual performance plans.

The act states that “an audit report must reflect such opinions and statements as may be required by any legislation applicable to the auditee which is the subject of the audit, and must reflect an opinion, conclusion or findings on reported performance of the auditee against its predetermined objectives”.

Globally, performance reporting and auditing are increasingly becoming an integral part of an effective accountability framework. In South Africa, as in many other countries, legislation requires accounting officers to report annually – in annual reports – on the performance of the entities against predetermined objectives. This reporting is done in terms of the Public Finance Management Act (PFMA), which covers national and provincial government, and the Municipal Finance Management Act, which covers local government. As part

of the legislative accountability framework, performance reports are primarily used by legislatures, members of the public and other interested parties to assess how successfully the funds approved by the legislatures have been used to deliver services.

This is an integral part of the annual regularity audit, as it focuses on confirming the usefulness and credibility of the reported performance information in the annual reports of government entities.

The Auditor-General of South Africa (AGSA) has defined its strategy against the background of the concept of relevant reporting. The audit of performance information provides useful insights into whether government entities are fulfilling their mandates and whether service delivery is, in fact, taking place as planned and budgeted for.

Through the audit of performance information, the AGSA is helping citizens to be able to ask – and find answers to – how their taxes have been used. This type of auditing also provides legislatures and the public with better information on what government programmes are accomplishing. This is one of a few significant initiatives to improve public reporting that came about due to public sector reform in a number of countries, including South Africa.

The performance indicators selected for testing are those that measure how an auditee has performed on its primary mandated functions, and that are of significant national, community or public interest. For example, in our 2021-22 PFMA general report, we reported that there was a significant risk that the Department of Water and Sanitation would not

achieve its five-year target as laid out in the Medium-Term Strategic Framework (MTSF) to rehabilitate nine dams by 31 March 2024 as, by 31 March 2022, three years after the target was set, only one dam (11% of target) had been rehabilitated.

Similarly, by the same date, the Passenger Rail Agency of South Africa had not modernised any of the 33 train stations targeted in the MTSF, and the South African National Roads Agency had only upgraded, refurbished and maintained 744km, or roughly 9%, of the targeted 7 995km of roads.

The human settlements portfolio performed slightly better, delivering nearly half (146 994, or 49%) of the revised MTSF target of 300 000 houses through its breaking-new-ground initiative, which covers the construction of fully subsidised houses by government. However, there is still a risk that the remaining houses will not be completed by the target date of 2024.

The AGSA also looks at whether performance indicators and targets are consistent between planning and reporting documents. In other words, we look at whether institutions are delivering on their mandate and the promises they have made, which have implications for the lived realities of most of the people of South Africa.

Ultimately, this provides legislatures and Parliament with some assurance that the performance information provided by government is credible. And the main objective is to increase

accountability and ensure the credibility of the information – an important aspect of oversight.

It also helps citizens determine how services rendered have affected them or improved their lives.

Importantly, it allows legislatures and the executive to unpack a government entity's mandate, through policies and strategies, to create a framework against which the entity's performance would be reported.

The AGSA believes that it is important to collaborate with other stakeholders to achieve good governance and enhance accountability. This is a network of stakeholders, which the AGSA refers to as the 'accountability ecosystem', with a mandate and/or responsibility (whether legislative or moral) to drive, deepen and/or insist on public sector accountability. These stakeholders include civil society organisations, which, in many ways, represent various citizen interests.

Stakeholders in an ecosystem have mutually reinforcing connections that should enable them to work together to influence the entire ecosystem. The system becomes weaker if some parts fail, which has a negative ripple effect on the effectiveness of the entire system, weakening the impact and undermining the ability of other stakeholders to effectively play their roles.

The AGSA has also adopted an organisational strategy that aims to shift public sector culture to one of accountability, integrity, transparency and performance.

In addition to directly influencing this culture shift, we are deliberately focusing our resources and activities on influencing the accountability ecosystem to be more active and engaged in driving accountability as a critical element in shifting public sector culture. If national and provincial leaders are committed to turning government around and ensuring that performance targets are accurately reported on and, more importantly, met, this will help public administration become the capable, efficient, ethical and development-oriented institution envisaged by the Constitution.

Through its audit activities, particularly those relating to the audit of performance information, the AGSA continues to play an important role in enabling accountability and thus promoting democratic governance in South Africa.

Credible performance information not only enable oversight and accountability, it also empowers accounting officers and authorities to track how they are delivering against their objectives.

As AGSA we say we are committed to enabling oversight to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. Performance audit brings us closer to fulfilling this mandate.

*By: Tsakani Maluleke
Auditor-General*



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Auditor General of South Africa



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