

AUDIT PERSPECTIVES

IMPORTANCE OF TAKING AUDIT REPORTS SERIOUSLY



Understanding basic audit processes could assist citizens to better exercise their duty

The local government elections are behind us. During that period, there were many public debates about the performance of municipalities and the people that have been elected and appointed to lead them. Often, reference was made to the audit reports issued by the office of the auditor general.

Of importance is that political leaders, the media and citizens have taken our audit reports seriously and have integrated them into their analysis of the performance of municipalities as public institutions that exist to serve citizens.

While the election debates that included perspectives on the audit outcomes were welcome, they may have left the citizens none the wiser about the public audit and why it matters in a democracy.

In two weeks' time, we will be releasing the audit results that indicate how the national and provincial government departments, as well as the public entities, performed in the 2020-21 financial year.

Clarifying basic principles and processes involved in public sector auditing

Our reports provide clarity on how the government has accounted for how it spent taxpayers' money during a particular period. The PFMA audit outcomes that we will be releasing on 8 December are the product of the audit work conducted by the AGSA audit teams that are assigned to each of the auditees. Our teams rigorously scrutinise the accounting records and other related information submitted to them and arrive at audit conclusions that set out our independent opinion on the credibility of the financial and performance reports included in the annual reports.

Our audit reports also include information on our assessment of the status of internal controls at the auditee as well as their state of compliance with key laws and regulations relating to financial and performance management.

In the year under review, we will be reporting on the audits of the country's 425 provincial and national government departments and public entities.

In the public sector, transparency, accountability and good governance are very important principles. In fact, Section 195 of the Constitution includes accountability, transparency and efficiency amongst the basic values and principles that must be upheld in public administration.

Laws and regulations give clear guidance to government entities on how to carry out their activities and report on them in the financial

statements and the rest of the annual report. As these activities are funded with public funds, it is the responsibility of the leaders of government departments or entities to be transparent about their actions and account to the citizens.

What our audits do and don't do

Our role as the national audit office is to provide assurance that the financial statements of auditees are free from material misstatements, report on the usefulness and reliability of the information in the annual performance reports, report on material non-compliance with relevant key legislation, and identify key internal control deficiencies that should be addressed.

We do not provide a full account of service delivery; our audit mandate does not extend to this.

While we occasionally conduct performance audits that evaluate the qualitative areas of delivery, these specialised audits are not conducted every year. There are other competent institutions in the accountability ecosystem that use credible tools and processes to measure and report on the extent and impact of the services being delivered. Reliance should be placed on those, in addition to the assurance provided through the annual statutory audit conducted by the AGSA.

Equally, our audits are not geared to identify fraud, but through the enhanced powers provided by the recent amendments to the public audit act, the auditor-general (AG) is able to refer material irregularities to those state agencies that have the expertise to investigate and act on

transactions in which we suspect fraudulent activity.

Before our general reports are published, we share the audit outcomes and root causes with the national and provincial government leadership, Parliament and the legislatures. In the case of local government, the report is shared with the executive leadership of municipal councils.

We encourage Parliament, provincial legislatures, councils and the political and administrative leadership to play their part effectively and consistently

to ensure accountability for government spending and improvement in the lives of the citizens of this country.

Simplified audit reports to empower citizens to engage their elected representatives

Our general reports become public documents that are freely accessible on our website (www.agsa.co.za).

Over the years, we present our reports to Parliament to enable legislators to carry out the necessary oversight efficiently and effectively. We are of

the firm belief that citizens have the right to know whether their tax money is spent appropriately and in line with the law. Therefore, our reports will empower them to easily understand critical issues affecting service delivery, thus enabling them to engage their elected public representatives from an informed point of view.

*By Tsakani Maluleke,
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