5 Root causes

5.1 Status of internal control

Key responsibilities of accounting officers, chief executive officers, senior managers and officials are to implement and maintain effective and efficient systems of internal control.

Figure 1 and table 1 show the status of the different drivers of internal control and their overall movement over the past three years. We determined the movements taking into account either increases in good controls or reductions in controls requiring intervention.

Figure 1: Drivers of internal controls

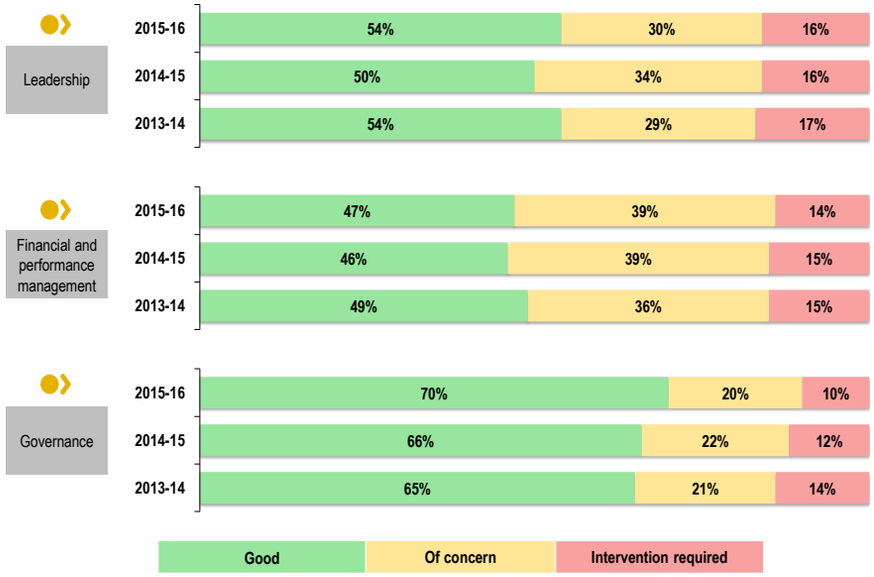


Table 1: Progress made in improving drivers of internal control in national and provincial government over three years

Portfolio	Leadership	Financial and performance management	Governance
National auditees	●	▼	●
Eastern Cape	●	▲	▲
Free State	▼	▼	●
Gauteng	▲	▲	▲
KwaZulu-Natal	▲	▲	▲
Limpopo	▲	●	▲
Mpumalanga	▼	▼	▲
Northern Cape	▲	▼	●
North West	▼	●	▲
Western Cape	●	▲	●
Total	●	●	●

As illustrated in figure 1, all three drivers of internal controls have either slightly improved (leadership and governance controls) or slightly regressed (financial and performance management) over the three years.

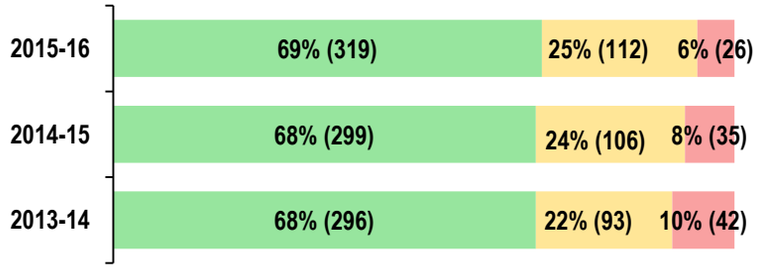
The lack of overall improvement is the result of some national and provincial auditees having made progress, which was offset by the regression and stagnation of other auditees as seen in table 1.

Over the three years the leadership controls assessed as being 'good' at departments improved slightly (from 44% to 48%), but slightly regressed at public entities (from 60% to 58%). Financial and performance management controls slightly regressed at departments (from 39% to 38%) and at public entities (from 56% to 51%), while the governance controls improved at departments (from 60% to 69%) and only slightly improved at public entities (from 68% to 71%).

The movement also remained unchanged from the previous year for all the internal controls, although the number of auditees assessed as being 'good' slightly increased on the leadership and governance controls.

We discuss five of the seven basic controls that should receive specific attention in the remainder of this section and discuss human resource management and information technology (IT) controls in sections 5.2 and 5.3, respectively. Figures 2 to 6 show the movement in these five basic controls over the past three years.

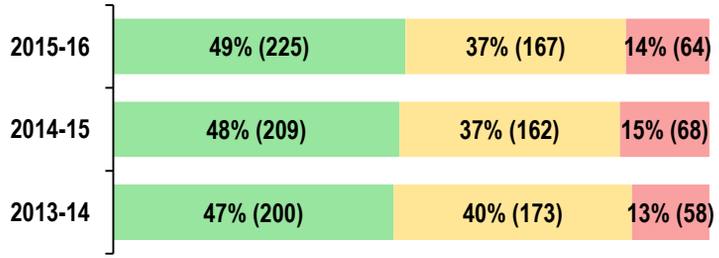
Figure 2: Effective leadership



In order to improve and sustain audit outcomes, auditees require **effective leadership** (political and administrative) that is based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the interests of the auditee.

Effective leadership controls slightly improved at departments (from 62% to 63%) and public entities (from 72% to 73%).

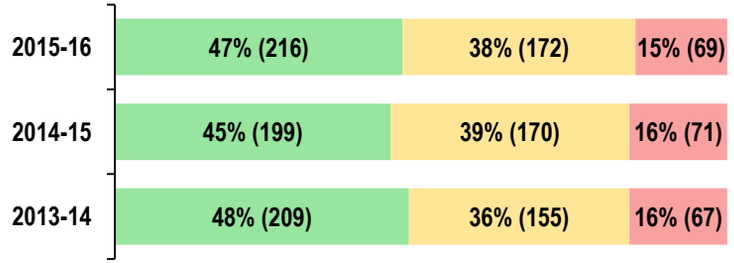
Figure 3: Audit action plans



Developing action plans and monitoring their implementation to address identified internal control deficiencies are key elements of internal control that are the responsibilities of heads of department, chief executive officers and their senior management teams.

Internal controls in the form of audit action plans assessed as being 'good' improved at departments (from 31% to 38%), but only slightly improved at public entities (from 55% to 56%).

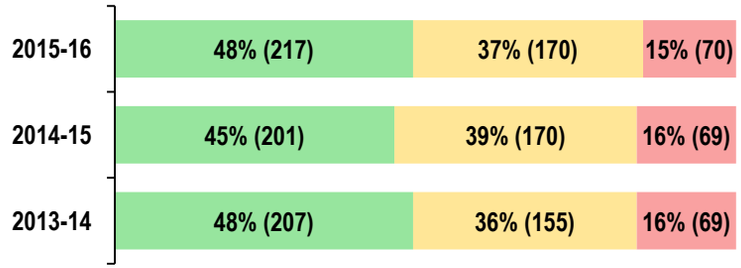
Figure 4: Proper record keeping



Proper and timely record keeping ensures that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Sound record keeping will also enable senior management to hold staff accountable for their actions. A lack of documentation affected all areas of the audit outcomes.

Record keeping and document controls assessed as being 'good' remained unchanged at 40% at departments while slightly regressed at public entities (from 53% to 52%), resulting in no significant overall improvement.

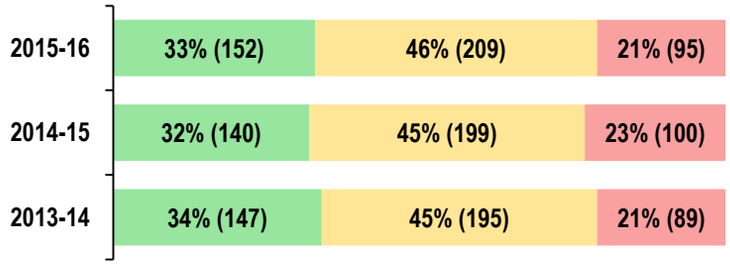
Figure 5: Daily and monthly controls



Controls should be in place to ensure that **transactions** are processed in an accurate, complete and timely manner, which in turn will reduce errors and omissions in financial and performance reports.

Good controls were established at 39% of departments (slightly regressed from 40%); while remaining unchanged at public entities (53%).

Figure 6: Review and monitor compliance



Auditees should have mechanisms that identify applicable legislation as well as changes to legislation, assess the requirements of legislation and implement processes to ensure and monitor compliance with legislation.

As detailed in section 3.2, many auditees did not comply with legislation. This indicates that the internal controls of most auditees not only failed to prevent non-compliance with legislation, but also failed to detect the deviations in time. Some deviations were only detected and addressed during our audits.

At 25% of departments (slight regression from 29%) and 38% of public entities (slight improvement from 37%), controls to prevent or detect non-compliance with legislation were clearly short of the required level.

Compliance monitoring matters requiring attention are included in our recommendations in section 7.

A Annexure 4 details the status of auditees' key controls and the movement since the previous year.

5.2 Human resource management

Figure 1 provides the status of human resource management controls from 2013-14 to 2015-16. Figure 2 shows the status of human resource management controls for departments and public entities and table 1 lists the number of auditees with good human resource management controls in national and provincial government.

Figure 1: Status of human resource management controls

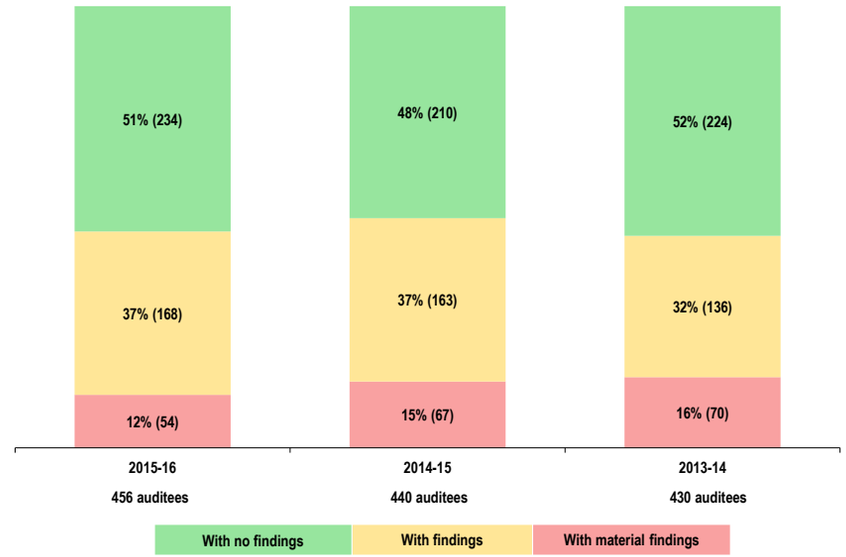


Figure 2: Status of human resource management controls – departments and public entities

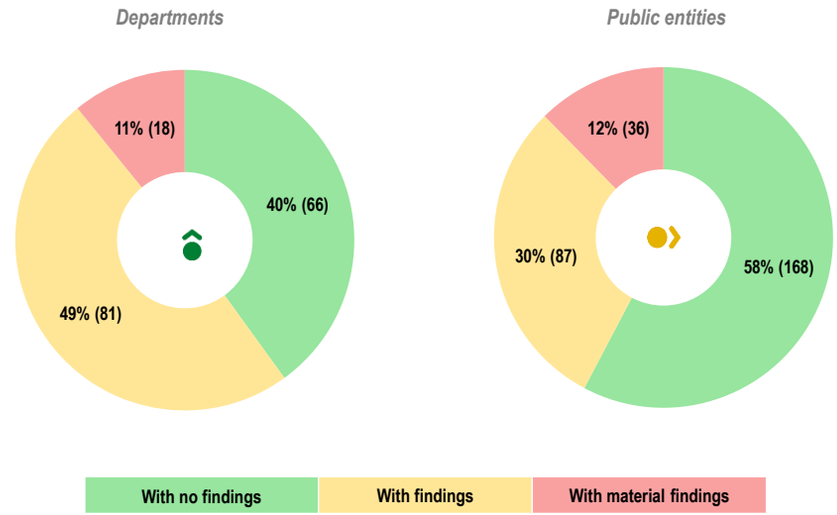


Table 1: Status of human resource management controls in national and provincial government

Portfolio	Auditees with good human resource management controls	Movement over 2014-15
National auditees	136 (59%)	
Eastern Cape	13 (52%)	
Free State	5 (28%)	
Gauteng	19 (54%)	
KwaZulu-Natal	17 (50%)	
Limpopo	3 (13%)	
Mpumalanga	3 (18%)	
Northern Cape	8 (42%)	
North West	7 (22%)	
Western Cape	24 (100%)	
Total	235 (52%)	

Human resource management has improved only slightly since 2013-14 and the previous year. This is evident in the number of auditees whose controls we assessed as being 'good' not increasing significantly and those assessed as 'requiring intervention' not decreasing significantly.

The overall human resource controls at departments improved since the previous year, with only a slight improvement at public entities. We assessed the human resource management controls of five of 42 (12 %) national departments and 13 of 123 (11%) provincial departments as requiring intervention. Provincial public entities (49%) lag behind national public entities (63%) in implementing and maintaining good human resource controls.

Auditees in the Eastern Cape, KwaZulu-Natal and Northern Cape showed improvement. Limpopo and Mpumalanga were not only the provinces with the lowest percentage of auditees with good HR management controls, but also regressed from the previous year.

Vacancies and stability

One of the biggest challenges for national and provincial government is to attract and retain qualified and competent persons in all areas of administration. As discussed in the *National development plan* (NDP), there is unevenness in capacity that leads to uneven performances in public service. The MTSF includes various actions to address the lack of capacity and sets targets to be achieved.

One of these targets is to have a vacancy rate by 2019 of less than 10% at national and provincial departments. This target has not been achieved yet, but the reduction of vacancy rate at national and provincial departments from 17% to 12% over the past three years is encouraging.

In the past three years the average overall vacancy rate at year-end remained the same at 15%. The vacancy rate at senior management level was 17% in 2015-16, a slight regression from 16% in the previous year as well as 15% since 2013-14.

As part of our audits, we considered the vacancies and resourcing of finance units as inadequate capacity at these units negatively affects the management, controls and quality of financial reporting. The average vacancy rate at finance units at year-end was 14% in 2015-16 and previous year, which represents a slight regression compared to 12% in 2013-14.

We also considered vacancies in key positions at year-end and stability in those positions. These key positions include heads of department, chief executive officers, chief financial officers and heads of SCM unit.

Figures 3 to 6 provide a three-year overview of the number of auditees where these key positions were vacant at year-end and the period that the positions had been vacant. They further show the average number of months that the heads of department, chief executive officers, chief financial officers and heads of SCM unit had been in their positions.

Figure 3: Heads of department – vacancy and stability

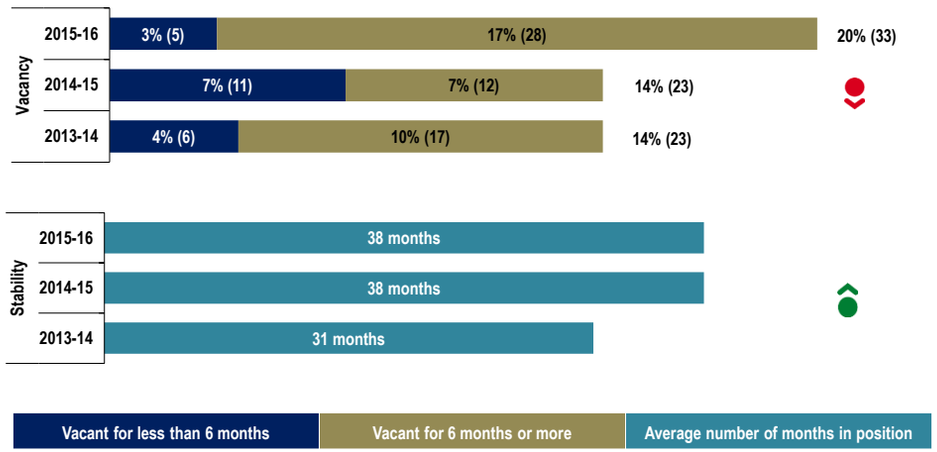


Figure 4: Chief executive officers – vacancy and stability

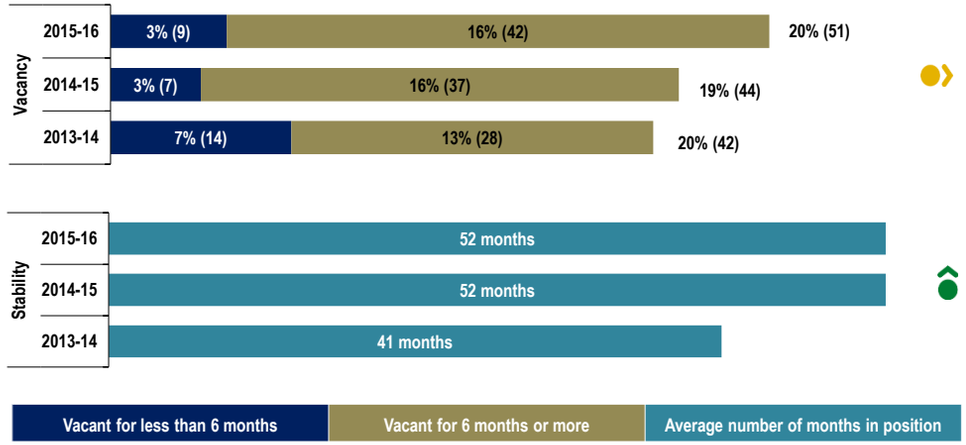


Figure 3 shows that the **heads of department** vacancy rate has regressed over the three years. The departments in Limpopo and the Northern Cape were the main contributors to the regression from previous year, with vacancies at six and five departments, respectively.

The MTSF includes targets to retain heads of department for at least four years by 2019. This target has not been achieved yet, but the improvement from 31 months to 39 months over the past three years is encouraging.

As reflected in figure 4, 20% of the public entities did not have a **chief executive officer** at year-end, a slight regression when compared to the previous year's 19%. Most of these 51 public entities were in national government (27), North West (13) and KwaZulu-Natal (four).

The average length of time that chief executive officers had been in their positions was more than four years in 2015-16, an improvement when compared to 2013-14, when it stood at 41 months. By 2015-16, chief executive officers at 86 public entities (43%) had been in the positions for four years or longer, almost the same when compared to 82 (43%) in the previous year but an improvement when compared to 56 (33%) in 2013-14.

Figure 5: Chief financial officers – vacancy and stability

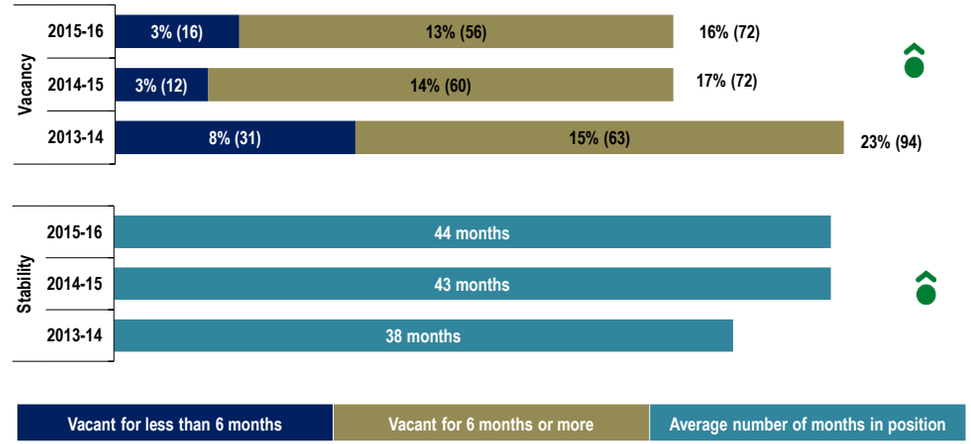


Figure 5 shows that the chief financial officer vacancy rate at auditees had improved since 2013-14.There was only a slight improvement from the previous year. The auditees in Gauteng, Limpopo and Mpumalanga were the main contributors to the improvement since 2013-14.

The average number of months that the chief financial officers had been in their positions improved since 2013-14. By 2015-16, chief financial officers of

178 auditees (48 %) had been in the position for three years or longer, an improvement when compared to 131 auditees (41%) in 2013-14. This is a slight improvement compared to 161 auditees (45%) in 2014-15.

Figure 6: Heads of supply chain management unit – vacancy and stability

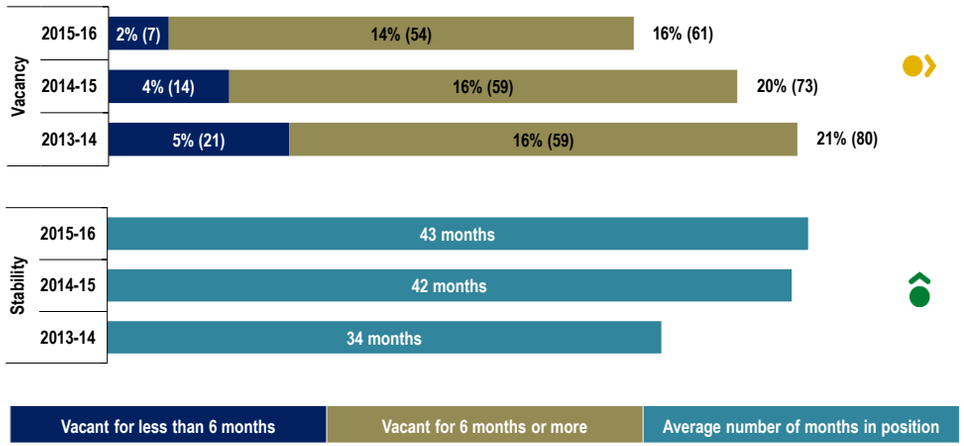


Figure 6 shows that the heads of SCM unit vacancy rate at auditees slightly improved since 2013-14.There was also a slight improvement from the previous year. The auditees in the Free State, Gauteng, KwaZulu-Natal and the Eastern Cape were the main contributors to the slight improvement since 2013-14.

The average number of months that the heads of SCM unit had been in their positions improved year on year. By 2015-16, heads of SCM unit of 141 auditees (44%) had been in the position for three years or longer, a slight improvement when compared to 119 auditees (41%) in 2013-14 and 125 auditees (43%) in 2014-15.

Performance management

To improve the performance and productivity of staff, the leadership should set the correct tone by implementing sound performance management processes, evaluating and monitoring performance. Further, when the leadership consistently takes action, it will be clear to all officials that poor performance has consequences.

Table 2 provides information on performance agreements concluded by auditees with their senior officials for 2015-16.

Table 2: Performance agreements not in place and performance measures not linked to audit outcomes

Position filled at year end	Performance agreement not in place (where position filled)	Movement	Current year performance agreement included measures not linked to audit outcomes (where position filled)	Movement
Heads of department (132)	3 (2%)	→	8 (6%)	↑
Chief executive officers (200)	35 (18%)	→	25 (13%)	→
Chief financial officers (374)	44 (12%)	→	31 (8%)	→
Heads of SCM unit (320)	27 (8%)	→	33 (10%)	→

There was little change from the previous year, except an improvement with regard to the heads of department whose performance agreements were not linked to audit outcomes.

We raised performance management-related findings, which included that all the senior managers did not sign performance agreements at 53 auditees, and that employees did not sign performance agreements for the year at 22 auditees.

A Annexure 1 lists the auditees and the status of human resource management controls (specific risk areas).

5.3 Information technology controls

The IT controls ensure the confidentiality, integrity and availability of state information, enable service delivery and promote national security. It is thus essential for good IT governance, effective IT management and a secure IT infrastructure to be in place.

Effective IT governance underpins the overall well-being of an organisation's IT function and ensures that the organisation's IT control environment functions well and enables service delivery.

Overview of the status of information technology focus areas

Figure 1 shows that we had assessed IT controls at 433 national and provincial auditees and found that the number of auditees that were assessed as good increased significantly from 13% in 2013-14 to 29% in 2015-16. The number of auditees that were assessed increased from 359 in 2013-14 to 433 in 2015-16 due to an increase in the need to assess IT controls as new technology was emerging at a tremendous pace.

Figure 1: Status of information technology

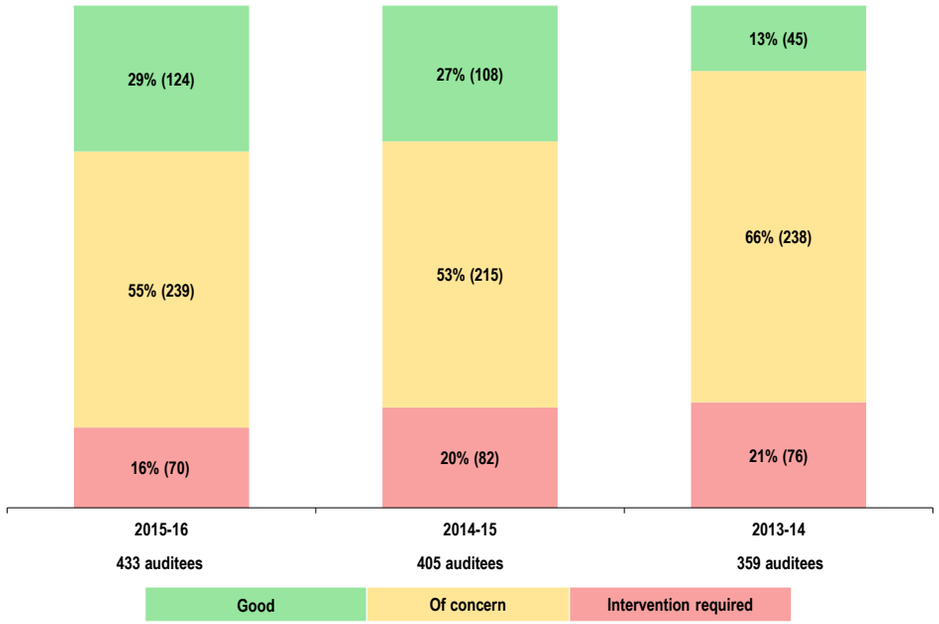
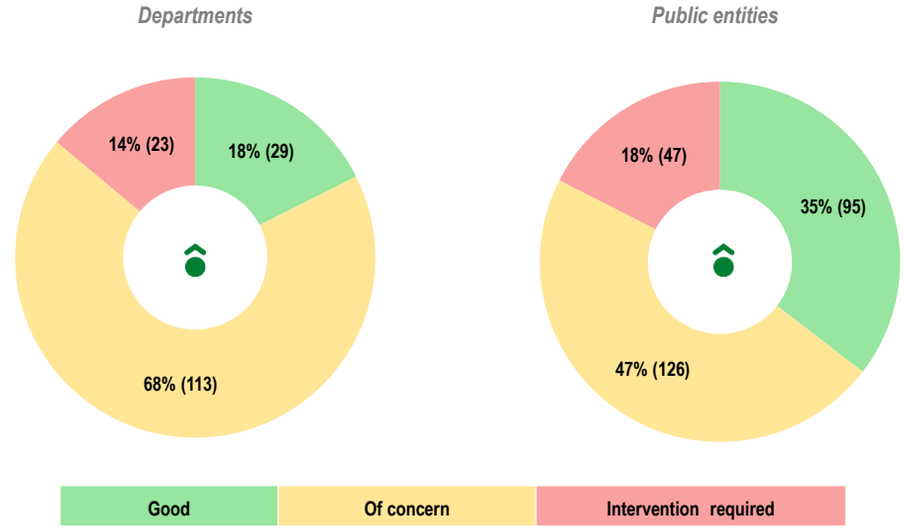


Figure 2 further shows that a higher number of public entities had a good IT control environment than that of departments due to those charged with governance taking accountability for addressing IT control weaknesses and more staff within the information and communication technology (ICT) departments that were qualified and skilled.

Figure 2: Status on the information technology (departments and public entities



Our audit included an assessment of the IT controls in the areas of IT governance, security management, user access management and IT service continuity.

- Figure 3 outlines the status of the controls per focus area audited at departments and public entities and indicates whether the IT controls are good, of concern or require intervention. The Western Cape and Gauteng were assessed as good at the majority of auditees and the following contributed to their success in addressing previous audit findings:
  - These provinces used shared IT services that were centralised in each province.
  - Audit committees prioritised IT findings as a standing item on the agenda.
  - More involvement, support and stringent monitoring of commitments by senior management.

The most common findings were the following:

- IT governance frameworks and structures had not been adequately designed and implemented for the majority of the departments' IT environments, while public entities were more successful in the design, implementation and operating effectiveness of IT governance. Weaknesses were identified such as IT steering committees not functioning effectively and non-alignment of strategic plans, which may result in IT sections within auditees not supporting business to meet their business objective. Furthermore, inadequate monitoring of service level agreements for services delivered by service providers and the increased hosting of systems at vendors with limited access to obtain assurance regarding those internal control environments, were most common.
- The basic IT controls had not been adequately defined and implemented at most auditees in the security management, user access management and IT service continuity areas. Policies and procedures were not designed or implemented as reported in the previous year; however, some improvements were noted over the three years. Furthermore, a number of public entities were attacked through the network in recent months exposing them to various vulnerabilities, which may have been prevented if security controls were adequate. In the case of departments that use transversal systems, the data hosted on these systems is available at the disaster recovery site of the State Information Technology Agency (Sita). In all other cases, where systems are not hosted by Sita, both departments and entities have to make provision for their own data recovery strategies. However, the majority of these auditees were still struggling to have adequate disaster recovery plans and did not test their backups to ensure that they could be restored when required.
- Enterprise resource planning (ERP) systems were also increasingly being implemented by public entities. The ERP and project assurance audits revealed that these systems were not appropriately configured, business requirements were inappropriately documented resulting in failed implementations and sign off of implementations without understanding the return on investment of these projects. As a result many of these implementations did not support business objectives and efficiency improvements.
- The majority of auditees did not have automated performance information systems, but were using Excel spreadsheets to record and report on performance information, which were more susceptible to manipulation of data.

Figure 3: Status on the information technology focus areas

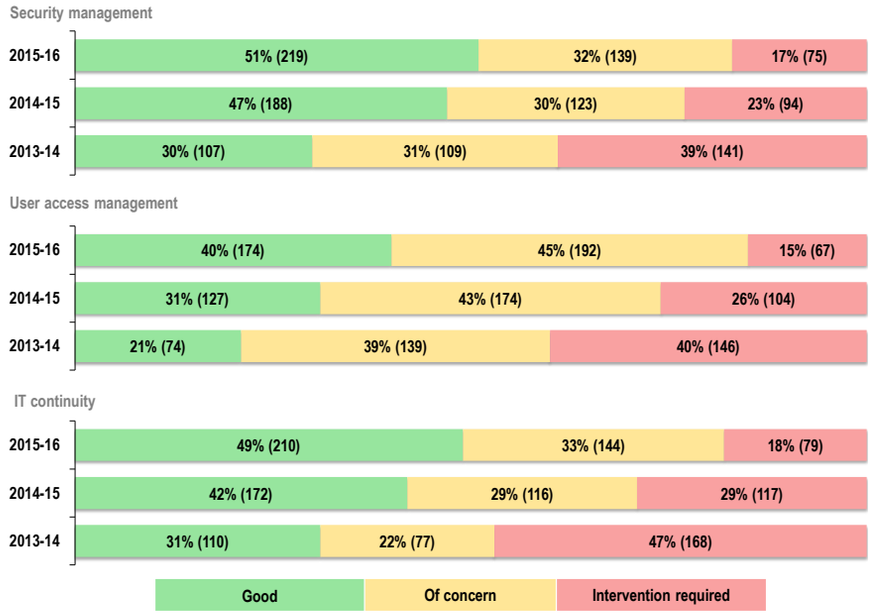


Table 1 indicates the progress made since the previous year in addressing areas of concern at departments at both national and provincial levels, as well as at public entities. The improvements were generally due to the following:

- IT governance frameworks and structures that were designed and implemented at more auditees.
- More auditees employing chief information officers or IT managers with adequate qualifications and experience.
- Implementation of recommendations made by internal and external auditors.
- The Western Cape and Gauteng initiatives and improved involvement by senior management.

Table 1: Progress made in improving IT controls

Portfolio	Security management	User access management	IT continuity
National auditees	●	▼	▲
Eastern Cape	▲	▼	▼
Free State	▲	▲	▲
Gauteng	▲	▲	▲
KwaZulu-Natal	▲	▲	▲
Limpopo	▼	▲	▲
Mpumalanga	▼	▼	▲
Northern Cape	▲	▼	▲
North West	▲	▲	▲
Western Cape	▲	▲	▼
Public entities	▲	▲	▲

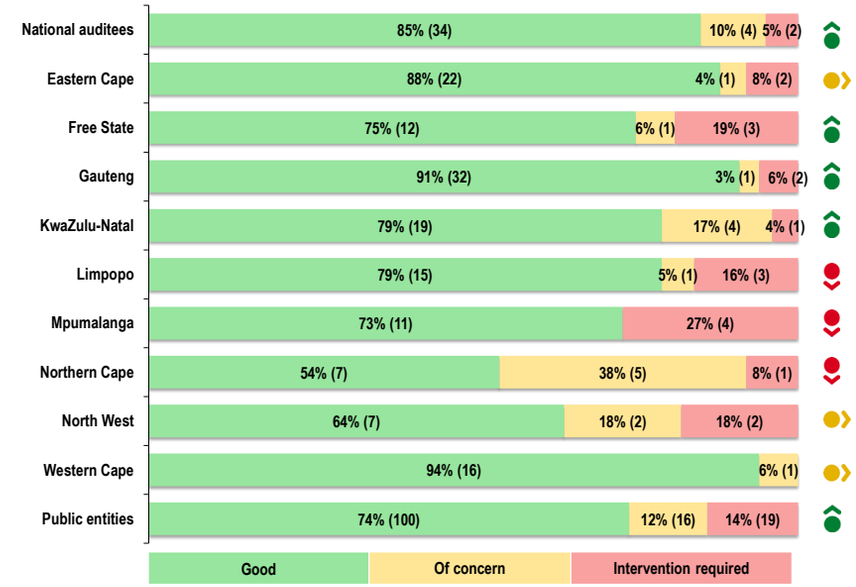
Evaluation of qualifications and experience of chief information officers

Figure 4 indicates that, for most of the auditees, the qualifications and experience of the chief information officers or IT managers in government were adequate, they have relevant ICT qualifications and six or more years of relevant experience.

Most of the chief information officers or IT managers at departments and public entities had the qualifications and experience required to implement the IT governance structures and controls that would ensure improvement in the IT controls of government. At national level as well as the Free State, Gauteng and KwaZulu-Natal we identified significant improvement due to more auditees that had chief information officers or IT managers with the required level of qualifications and experience as well as vacancies that were filled, while the Western Cape maintained their high level of qualified and experienced staff. The regression in Limpopo, Mpumalanga and the Northern Cape was mainly due to vacancies that existed in these provinces that were previously filled. Auditees employing chief information officers or IT managers with adequate qualifications and experience impacted positively on the improvements noticed in figures 1 and 3 over three years and the movements indicated in table 1.

Smaller public entities still did not have the funding and capacity required to assign IT roles and responsibilities to a dedicated individual with the necessary skill and the required qualifications. Furthermore, in some provinces IT departments were operating at the level of deputy director or assistant director, which had a negative effect on the design and implementation of the policies and procedures required for a strong IT control environment to support business objectives.

Figure 4: Qualifications and experience – chief information officers or information technology managers

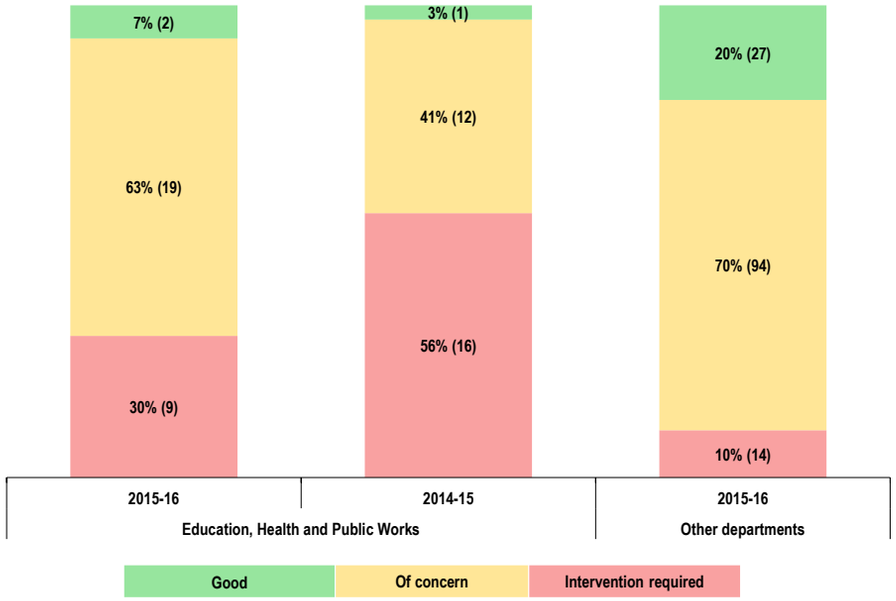


Status of controls at the departments of Education, Health and Public Works versus that of other departments

Figure 5 indicates the status of the IT controls in the areas we audited at the departments of Education, Health and Public Works versus that of other departments. It shows the number of auditees where the IT controls are good, of concern or require intervention.

At 30% of the departments of Education, Health and Public Works at both provincial and national levels intervention was required, compared to only 10% of other departments. The Health and Education sectors, in particular, still experienced challenges to adequately define and implement basic IT controls. Furthermore, although these departments were struggling with basic IT controls, they have shown an improvement due to some findings raised in previous years that were addressed.

Figure 5: Status of information technology – Education, Health and Public Works versus other departments

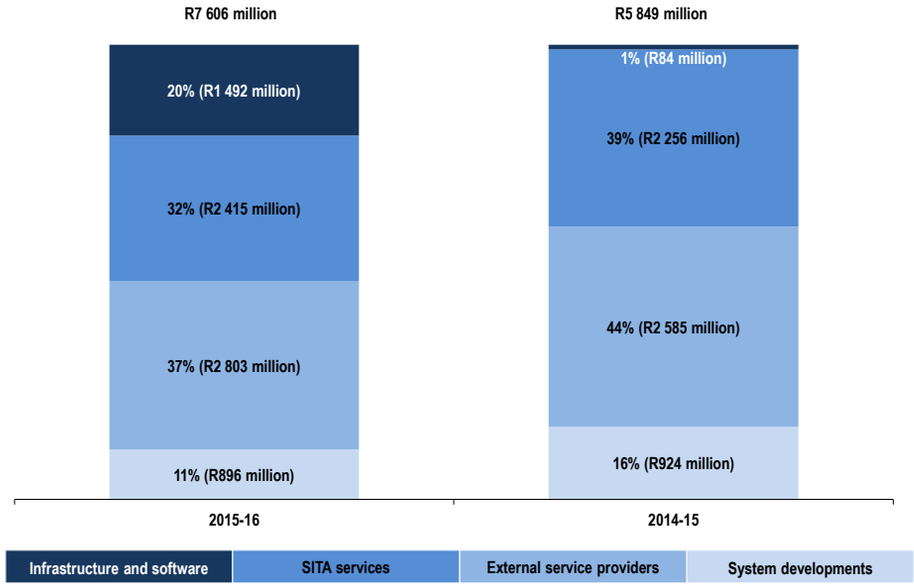


Expenses related to information technology at the provincial and national departments

Figure 6 provides a breakdown of the approximate IT-related expenditure in terms of infrastructure and software, Sita services, external service providers and project developments.

IT-related expenditure increased by R1 757 million (30%) in the year under review and the largest increase in spending was on infrastructure and software, which increased from 1% to 20% of the IT-related expenditure, due to revitalisation and modernisation projects undertaken by some of the key departments and provincial departments to enhance broadband, upgrade internet links, replace aging servers and install next generation firewalls. The increase was noticed in all the provinces and at national government level. The split between the amounts spent on Sita support services and services rendered by external service providers was more or less equal and overall represented 69% of the total amount spent. Although the amount spent on procuring services represented the largest part of the IT expenditure, the performance monitoring processes for services provided by service providers were found to be inadequate, which resulted in payments being made by departments without monitoring whether services were delivered at the agreed upon level of quality, as previously reported, due to poor project management.

Figure 6: Expenses relating to information technology at national and provincial departments



Large information technology projects currently in progress

Integrated financial management system project

The programme committee at the National Treasury identified various challenges in the processes followed for the integrated financial management system (IFMS) project, which led to the delays and challenges outlined below.

The IFMS project was initiated in 2002 to replace the ageing transversal financial systems, namely BAS, Persal and Logis. The cabinet approved the project, which was intended to commence in 2005 with an estimated project timeline of seven years. However, despite project spend of approximately R1,2 billion as at 31 March 2016 it has not yet been implemented. A new technological approach to the IFMS was approved by the cabinet on 20 November 2013 and the incomplete modules were therefore placed on hold. Since the new approach was approved, the National Treasury has implemented a project management office to manage the project and its governance. The project governance framework was formalised and was in the process of being implemented. The solution provider was also in the process of being appointed, allowing the project to progress with the aim of implementing the revised IFMS solution by 2022, as previously reported.

The importance of providing independent assurance on the IFMS project has been agreed to by all relevant parties. The roles and responsibilities in providing such assurance were in the process of being formalised between the National Treasury, Department of Public Service and Administration (DPSA), Sita and the Auditor-General of South Africa (AGSA).

Integrated justice system

The *National crime prevention strategy* was conceived and endorsed by the cabinet in 1996 and later gave rise to the integrated justice system (IJS). The IJS project was initiated in 1999 with the ultimate goal of ensuring seamless integration and consolidation of critical information between the entities that form part of the Justice, Crime Prevention and Security (JCPS) cluster. The primary objective of the IJS programme was to increase the efficiency and effectiveness of the entire criminal justice process by increasing the probability of successful investigation, prosecution and punishment for priority crimes and, ultimately, the rehabilitation of offenders. The IJS programme spent approximately R4,67 billion as at 31 March 2016, over a period of more or less than 12 years since 2004, against a budget of R4,92 billion as reported by the IJS project management office.

Although the IJS Programme Management Office had made positive strides in the governance of the IJS project from the 2013-14 to 2015-16 financial years, threats were still identified during the 2015-16 financial year that could interrupt the achievement of the project objectives. These included not setting deliverable deadlines and priorities for the subprojects that support the implementation of the overall IJS project through to 2019-20, not having project artefacts as well as project managers that did not often possess the required skills and experience.

e-Government, e-Health and e-Education strategies

e-Government

The minister of the DPSA, the Government Information Technology Officer's Council (GITOC), the minister of Telecommunications and Postal Services and Sita are expected to participate in the implementation of e-Government. The e-Government strategy is intended to provide a more coordinated and citizen-driven focus to the country's e-Government initiatives, thus ensuring that government brings services closer to citizens through an organised and holistic adoption of ICT. The strategy is necessary to provide a clear road map for the processes and initiatives that need to be undertaken for the successful implementation of e-Government. This will ensure the effective and efficient use of existing resources, coordinated efforts and sharing of common resources for the e-Government services. In relation to the achievement of the implementation of the e-Government strategy, the DPSA is the main driver of ICT initiatives to support and/or oversee the government departments' sphere and is managing and overseeing all the IT policies and planning within government.

The position of the Office of the Government Chief Information Officer (OCGCIO) at the DPSA was still a challenge as reported in the previous year. During the year the OCGCIO's contract ended and the position was filled with another individual on a temporary basis. The instability in this position affected the implementation or finalisation of standards, guides or procedures to be issued to the departments. In addition, this had a negative impact on the IT control environment within government, as most departments were still struggling with the implementation of the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF).

The lack of adequate understanding and involvement in the strategic alignment of business strategies against IT-driven initiatives by the majority of the government information technology officers (Gitos) remained a challenge,

resulting in IT sections within auditees not supporting business to meet their business objectives.

e-Health

The *e-Health strategy South Africa 2012-16* for the public health sector provides the road map for achieving a well-functioning national health information system (NHIS). The strategic priorities and target dates have been defined and include various projects at national and provincial levels to be executed over the duration of the strategy. This project is aimed at reducing waiting times, improving data quality and integrity, as well as timely access to data, streamlining registers and strengthening information management.

An evaluation of the progress to date indicated a stagnant movement in the implementation of the strategy against the revised key priorities and timelines, mainly due to challenges with infrastructure and connectivity issues at most of the hospitals. Lack of integration between systems (patient registration and billing systems), pharmaceutical systems between hospitals and depots for management of medication stock remains a challenge.

Five provinces (Mpumalanga, Gauteng, Western Cape, KwaZulu-Natal and Free State) developed their provincial e-Health strategies, which were aligned and mapped with the requirements of the national e-Health strategy. The key initiatives in these strategies have been defined and the pilot hospitals were progressing well with the implementation of the e-Health strategies.

Three provinces (North West, Limpopo and Northern Cape) have not started with the development of their provincial e-Health strategies, while the Eastern Cape already had a draft which has to be approved. This is due to lack of the awareness and inadequate skills within these provinces with regard to project governance in general.

e-Education

The White Paper on e-Education (2004) deals with the use of ICT to accelerate the achievement of national education goals. The main intended outcome is to increase access to ICT to support curriculum delivery and improve learner attainment. This outcome was originally planned with the initial implementation date of 2009. However, this has been delayed and revised several times due to key challenges such as the following:

- ICT infrastructure provisioning to schools is largely dependent on the capacity of the nine provincial education departments and these departments have to contend with budget and staff constraints. Provinces also have various other priorities that are often regarded as more important than ICT initiatives.
- Broadband connectivity is a challenge, especially in rural areas.
- Many teachers are experiencing difficulties in the use of ICT.

The Department of Basic Education has put measures in place to accelerate the achievement of e-Education in South African schools, which include deliverables and activities such as text books converted to electronic content, e.g. tablets and distribution thereof; professional ICT development for management, teaching and learning; and access to ICT infrastructure and connectivity.

Five provinces (Mpumalanga, Gauteng, Western Cape, KwaZulu-Natal and Free State) developed their strategies that drive the initiatives of e-Education. Four provinces (North West, Limpopo, Northern Cape and Eastern Cape) have not started with the development of their strategies. This was mainly due to budget constraints to attract adequate resources for the initiative.

In addition, Gauteng and the Western Cape were continuously monitoring the implementation of the strategy and reported monthly and quarterly to their provincial members of the executive councils (MECs), while the other provinces did not have adequate monitoring mechanisms in place.

Inadequate progress, lack of monitoring and prioritisation by management at the provinces could result in the non-achievement of this strategy, therefore impacting the quality of education in the country.

Most common root causes

- Most departments adopted the framework for corporate governance of ICT developed by the DPSA without customising it for their own departmental environments.
- Although the skills and experience at departments and public entities were adequate at the chief information officer or IT manager level, with 8% of positions vacant at year-end, they were not successful in attracting staff to fill vacant key positions, such as system controllers and information security officers. Some of these IT divisions were, furthermore, not operating on a strategic level to influence the design and implementation of adequate policies and procedures.
- The chief information officers, IT managers and IT staff did not fulfil their responsibilities by ensuring compliance with the controls established to secure and regulate their departments' IT environments, due to a lack of consequence management.

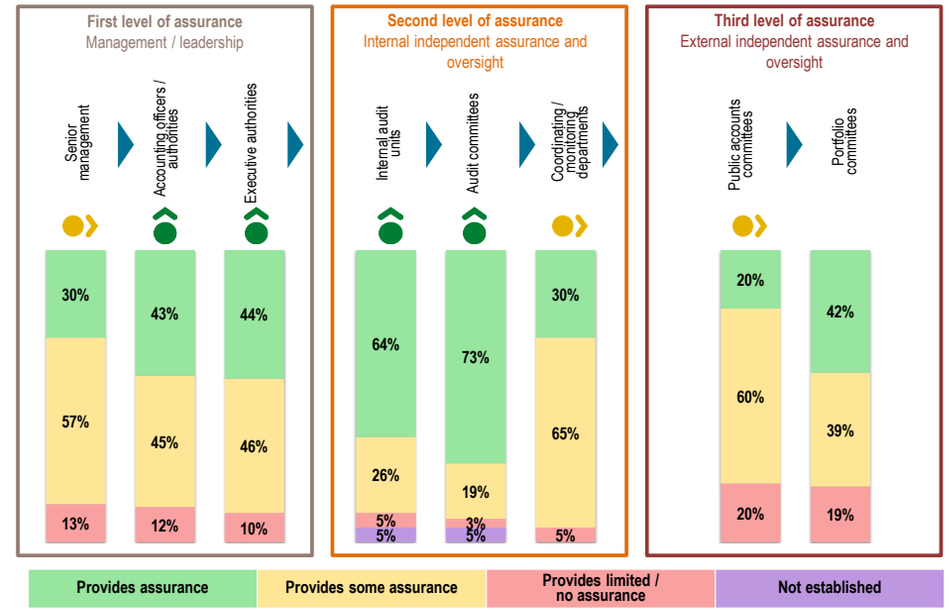
- The accounting officers and accounting authorities did not prioritise approval of IT policies and procedures to ensure that proper internal controls exist and can be enforced.
- The performance monitoring processes of IT service providers were not adequately enforced to ensure that services were rendered at the agreed level of quality or standard.
- The majority of the departments were fixing symptoms rather than implementing improved IT controls. Another major concern was the ineffectiveness of those charged with governance as they were not proactive in addressing the audit findings and preventing future recurrence.

A Annexure 1 lists the auditees and the status of information technology management controls (specific risk areas).

5.4 Initiatives and impact of key role players on audit outcomes

Figure 1 shows our assessment in 2015-16 of the assurance provided by the management or leadership of auditees and those that provide independent assurance and oversight. The arrows show the movement in assurance levels since 2013-14. We determined the movements, taking into account either increases in 'providing assurance' or reductions in 'providing limited or no assurance'.

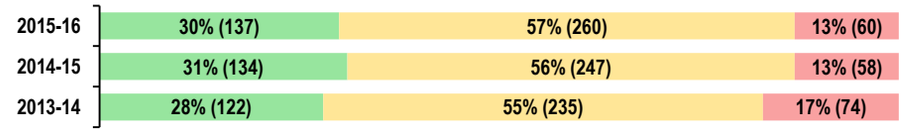
Figure 1: Assurance provided by key role players



The assurance provided by the accounting officers or authorities, executive authorities, internal audit units and audit committees has improved since 2013-14. The assurance provided by senior management, the coordinating departments (treasuries, offices of the premier and the national Department of Planning, Monitoring and Evaluation) and the public accounts committees remained unchanged over the three years. Portfolio committees were not assessed in 2014-15.

An overview of the level of assurance provided by the role players and important initiatives in 2015-16 is provided in the rest of this section. See section 11 for further detail on assurance and the assessment thereof.

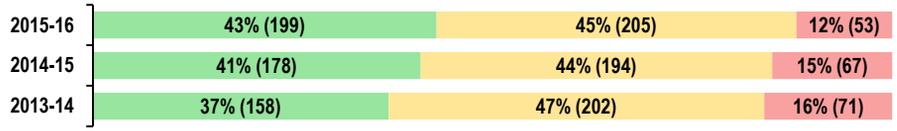
Senior management



Accounting officers and executive authorities are relying on senior management, which includes the chief financial officer, chief information officer, head of the SCM unit and those responsible for strategic planning and monitoring, to implement basic financial and performance management controls.

Senior management at 70% of the auditees did not provide the required level of assurance in 2015-16 – a slight regression from 69% in the previous year, but a slight improvement from 72% in 2013-14.

Accounting officers or authorities

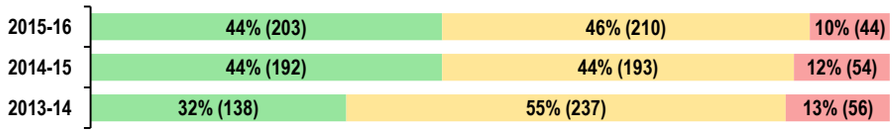


The responsibilities of accounting officers and authorities are clearly described in sections 38 (for departments) and 51 (for public entities) of the PFMA. The act includes their responsibility to ensure:

- that there are consequences for transgressions through disciplinary steps against officials who contravene the PFMA and make or permit unauthorised, irregular and fruitless and wasteful expenditure
- the implementation and maintenance of appropriate, efficient and effective systems or policies for internal control, internal audit, SCM, among others
- effective, efficient, economical and transparent use of the resources
- that effective and appropriate steps are taken to collect all money due to the institution
- management of assets and liabilities, including safeguarding
- that appropriate disciplinary steps are taken against any official who contravenes the PFMA, or makes or permits unauthorised, irregular and fruitless and wasteful expenditure
- that expenditure is in accordance with the budget (including steps to prevent overspending).

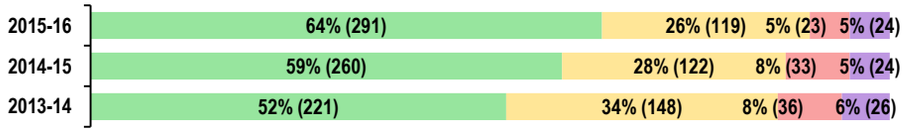
The assurance provided by accounting officers or authorities has improved over the past three years, but accounting officers or authorities at 57% of auditees still did not provide the required level of assurance by 2015-16.

Executive authorities



The executive authorities (ministers and MECs) have a monitoring and oversight role in their portfolios and play a direct role at departments, as they have specific oversight responsibilities towards their departments in terms of the PFMA and the Public Service Act. They are well placed to bring about improvements in the audit outcomes by becoming more actively involved in key governance matters and by managing the performance of the accounting officers and authorities. Our assessment that executive authorities, while improving, are not yet providing the required level of assurance is based on the inadequate leadership controls observed at 44% of the auditees (as detailed in section 5.1). It is further supported by our assessment of the impact they have on audit outcomes as observed through our regular interactions with them and the commitments they had made and honoured to improve audit outcomes.

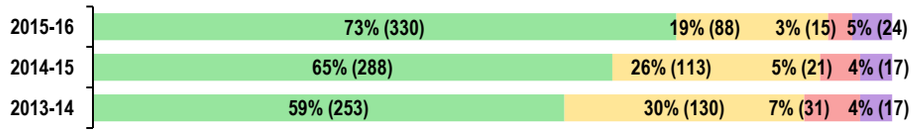
Internal audit units



Internal audit units were in place at all but 24 auditees by 2015-16. A total of 64% of internal audit units provided full assurance, although the proportion of those that provided no assurance improved slightly since 2013-14.

At most auditees, well-resourced and effective internal audit units have helped to improve internal controls and have had a positive impact on audit outcomes. We assessed that 71% of the internal audit units (2014-15: 66%) had a positive impact on audit outcomes.

Audit committees



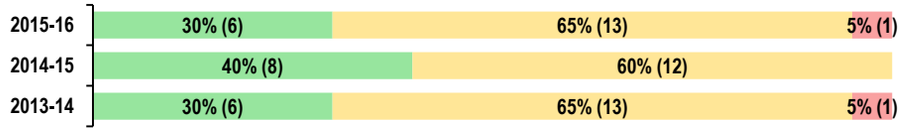
At 73% of the auditees, audit committees provided full assurance, which is an improvement compared to 2013-14 and the previous year.

The audit committees of 83% of the auditees had a positive impact on the audit outcomes (2014-15: 78%). We observed increased focus by audit committees on SCM matters, which is encouraging and leads to increased accountability by auditee management.

The number of audit committees that interacted with senior management, accounting officer or authority and the executive authorities has increased to 396 (91%) from 375 (89%) in 2014-15.

We are however concerned that at some auditees the audit committees champion the view of management against the auditor without fully understanding or interrogating the facts. Audit committees should ensure that management fulfils its responsibilities. The committee should remain independent and fully apply their knowledge and experience in fulfilling their very important assurance role.

Treasuries, offices of the premier and departments of planning, monitoring and evaluation (coordinating or monitoring departments)



At national and provincial levels there are departments that play a coordinating and monitoring role as defined in legislation and in their mandates, which should contribute to the overall assurance process. These departments are the offices of the premier, provincial treasuries, the National Treasury and the Department of Planning, Monitoring and evaluation (DPME). The impact of these departments on the controls of the auditees was assessed based on interactions with the departments, commitments given and honoured and the impact of their actions and initiatives.

In our assessment, the majority of the departments were providing some assurance through their coordinating and monitoring functions. Two provincial treasuries (Free State and KwaZulu-Natal) only provided some assurance in 2015-16 while they provided the required level of assurance in 2014-15. The level of assurance provided by the Free State Office of the Premier also regressed in 2015-16 from providing some assurance in 2014-15 to limited or no assurance. A summary of the assessments follows, but a more detailed view on the provincial role players is provided in the provincial overviews. We also include a view on the role of the DPSA although we did not assess the assurance level.

Offices of the premier

The nine offices of the premier are responsible for specific coordinating functions and the provision of strategic direction within their respective provinces. The assessment of assurance is based on the actions taken by the offices of the premier and the support provided to the provincial departments and public entities to achieve good governance and clean administration in their provinces.

The assurance provided by most offices of the premier was similar to the previous years. The most notable exception being the Free State, where the assurance provided regressed from some assurance in the previous year to limited assurance in the year under review. This regression, after an improvement in the previous year, is attributed to a change in attitude towards the implementation of audit recommendations, where auditees pushed back on audit findings instead of addressing their root causes. As a result, the audit outcomes of the Free State regressed.

As in the previous years, Gauteng and the Western Cape were the only provinces that provided the desired level of assurance.

In 2015-16 we placed specific focus on the offices of the premier's ability to monitor and evaluate the performance information prepared and reported on by departments and public entities within their provinces. Our audits focused on the structures and capacity in place at the offices of the premier to perform the monitoring and evaluation function, the existence of policies and procedures relating to the monitoring and evaluation of performance information and the provision of training and guidance to departments and public entities relating to the preparation of strategic plans, corporate plans, annual performance plans, quarterly reports and APRs.

Only Limpopo and Mpumalanga had findings in the above areas. Limpopo's findings related to the lack of policies and procedures to guide the monitoring and evaluation of performance information and the lack of an effective organisational structure to perform monitoring and evaluation, while Mpumalanga had findings relating to the lack of an organisational structure and capacity available to perform monitoring and evaluation.

National Treasury and provincial treasuries

The Western Cape, Northern Cape and Gauteng treasury offices provided the level of assurance required to impact positively on the credibility of the provinces' financial statements and their compliance with legislation. The remaining six provincial treasuries were assessed as providing some assurance in this regard. The provincial overviews provide detail of these assessments.

In our assessment, the treasury offices provided some assurance. Support, monitoring and enforcement are provided to auditees through frameworks, guidance and assistance, some of which are linked to the audit outcomes and service delivery of government. However, the effectiveness of these interventions varies among the respective treasury offices and requires refinement at some offices.

Regarding audit outcomes, the areas within the National Treasury's sphere of influence are primarily to ensure the stability and reliability of the financial system and financial services, manage the budget preparation process and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities.

The National Treasury continued to be instrumental in strengthening the credibility of financial and performance information, including compliance with the PFMA and improved governance, but greater impact on the overall audit outcome is expected. The Office of the Accountant-General, responsible for accounting and PFMA-related guidance and support experienced significant pressure from auditees to resolve technical matters and disputes with our office. They did not always respond timeously and with sustainable or technically correct advice and guidance, which placed additional strain on the audit process. A way forward for upcoming audit cycles was agreed and we are confident that this will be resolved. The Office of the Chief Procurement Officer (OCPO) continued to improve the processes, systems and guidance on SCM and we foresee improvement in SCM in the upcoming years. The OCPO has also been instrumental in resolving complex SCM-related disputes with auditees and the cooperation between our office and OCPO will benefit us in continuously improving our audit processes.

The National Treasury implemented the following initiatives to support and exercise oversight:

- Developed a strategic procurement framework for government, tailored to the needs of different forms of procurement.
- Drafted good practice guides to support the newly introduced strategic sourcing methodology.
- Developed sourcing strategies for identified commodities or procurement categories, including mobile communications, fixed line communications, travel and accommodation and medical equipment.
- Established and went live with a central supplier database system for the whole of government.
- For purposes of establishing a national procurement system, identified strategic transversal term contracts for centralisation of various sectors such as Health and Education.
- Negotiated and concluded corporate agreements with selected airlines and major hotel groups.
- Developed an SCM human capital development framework and job specification framework.
- Implemented the public finance management capacity development strategy as forming the basis for SCM capacity building, including SCM human capital development.
- Following the establishment of a programme management office for the IFMS project, signed off the IFMS governance strategies.
- Refined and expanded the questions to assess the financial health of departments, constitutional institutions and public entities listed in schedule 3A and 3C of the PFMA, using the financial management capability maturity model (FMCMM) to improve its relevance.
- Completed the revision of the Treasury Regulations for publication in the *Government gazette* following approval by the minister.
- Developed a guideline on the role of internal audit in financial statements.

The National Treasury is committed to continue with the following initiatives to improve public financial management, accounting and reporting:

- Financial management: with the programme management office having been established with governance structures being put in place, the IFMS project is underway.

- Financial management: following the revision of Treasury Regulations, the continued roll-out of financial management products, as well as capacity building in the whole of government, remains a priority.
- Financial management: although a number of support plans have been developed to assist targeted departments and entities in financial distress, continued support is being provided to address financial management weaknesses.
- Procurement reform: following the SCM initiatives listed above, transforming government procurement to make it more cost-effective, transparent and equitable remains an area of significant importance.
- Overhauling SCM systems: in response to SCM initiatives, the review of SCM policies to ensure a simplified and modernised SCM environment in government is underway.

Department of Planning, Monitoring and Evaluation

In our assessment, the DPME provides the required level of assurance. The department provided support and guided planning processes in government by using a range of planning frameworks, including the regulatory frameworks for strategic plans, annual performance plans and programme plans.

The DPME has played a positive role in improving the performance of government as a whole and ensured that government plans and programmes were responding to the NDP priorities and that their implementation was closely monitored and evaluated. To this end, the DPME has embarked on a strategy review process that also involves the creation of requisite capacity to carry out its work.

There are no specific commitments from the DPME with regards to their oversight role. The DPME, as the custodian of the planning function in government, implemented the following activities or initiatives:

- Assess the alignment of the strategic plans and annual performance plans of government departments to the NDP and the MTSF.
- Monitor the quality of management practices at departments through the management of performance assessment tool.
- Manage the presidential hotline (a channel for citizens to seek redress when service delivery fails).
- The DPME also worked with the National Treasury to ensure that departments' budgets reflect the commitment to the NDP Vision 2030 and the MTSF 2014-19.

The department highlighted the following as key areas, which are linked to the audit outcomes, going forward:

- Monitoring and reporting on the 30-day payment commitment.
- Ensuring that sector plans for strategic sectors are developed and implemented.
- Monitoring the performance and effectiveness of state-owned enterprises in directing their resources towards the country's development goals and objectives.
- Alignment of the national budget to key priorities.

Department of Public Service and Administration

In relation to audit outcomes, the areas within the DPSA's sphere of influence are primarily the following:

- Human resources: establishing norms and standards relating to skills, capacity, vacancies and performance management.
- Information technology: managing and overseeing IT policy and planning in the public sector.
- Compliance with legislation by departments: establishing regulations and codes of conduct regarding integrity, ethics, conduct and anti-corruption in the public service.

With the introduction of the NDP the DPSA was tasked with outcome 12 to ensure that the public service is capable, efficient, effective, responsive and accountable.

The DPSA implemented the following initiatives to support and/or oversee provincial government:

- The Public Service Regulations issued in terms of the Public Service Act, 1999 (Act No. 103 of 1994) became effective on 1 August 2016 and further regulates government employees who conduct business with an organ of the state.
- The approval of a centralised pool of labour relations officials resulted in a significant reduction in the turnaround time to resolve disciplinary cases at national and provincial departments. The number of

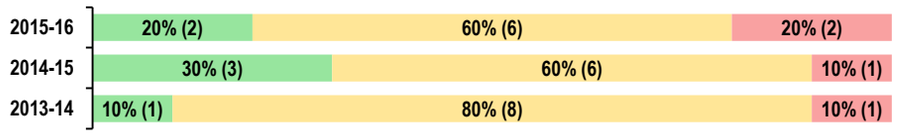
departments that use the centralised pool of labour relations officials however still remains relatively low.

- The approval of a mentoring and peer support framework by the minister of Public Service and Administration in March 2016, which seeks to enable individuals to develop through the transfer of knowledge and skills from peers.
- The competency assessments developed by the DPSA indicated that the competencies of financial management, people management and empowerment still required attention in government.
- The usage of the e-Disclosure system for financial disclosures by public service senior managers continued to gain momentum in 2015-16.
- The DPSA collaborated with the DPME to include the self-assessment of human resource compliance in the management performance assessment tool to monitor compliance with the human resource and ICT governance framework by individual departments.
- The minister of Public Service and Administration issued letters to other ministers highlighting areas of non-compliance with the Public Service Act and Regulations as provided for in section 16A of the Public Service Act.

The DPSA introduced a significant number of measures to assist government departments to professionalise the public service. There were however still key challenges in the human resource and ICT environments that should be improved to ensure a capable, efficient, effective, responsive and accountable public service. The following bear reference:

- The DPSA issued a directive on compulsory capacity development, mandatory training days and minimum entry requirements for government in November 2014 but the implementation date was amended to 1 April 2020. This was mainly due to the unavailability of public service specific qualifications for senior management.
- The position of the Office of the Government Chief Information Officer (OCGCIO) at the DPSA was still not filled as reported in the previous year. The instability in this position impacted on the implementation or finalisation of standards, guides or procedures to be issued to the departments. In addition, this impacted on the lack of improvement in the IT control environment within government, as the majority of departments were still struggling with the implementation of the Corporate Governance of Information and Communications Technology Policy Framework (CGICTPF).
- The lack of adequate understanding and involvement in the strategic alignment of business strategies against IT-driven initiatives by the majority of Gitos in government remained a challenge.
- The responsibilities and coordination of roles in terms of designing the required government ICT norms and standards between the DPSA, the Department of Telecommunications and Postal Services, and Sita were a challenge and overlapping as all the three organs are expected to perform these as per their mandates. This makes it difficult to enforce accountability and consequence management in the areas where these have not been achieved.
- The Minimum Interoperability Standards (MIOS) and Minimum Information Security Standards (MISS) were still not approved and revised accordingly, and therefore not aligned with best information security practice.
- The ICT controls in government had improved significantly from 2014-15 to 2015-16 as presented in section 5.3. However, there were still a significant number of departments and public entities with findings that were of concern and required intervention.

Public accounts committees



In our assessment, the majority of the public accounts committees (PACs) were providing some assurance over the three years with only the PACs from the Western Cape and the national Standing Committee on Public Accounts (Scopa) providing the required level of assurance. The PACs of two provinces (Free State [remained unchanged from previous year] and Limpopo [regressed from providing some assurance in 2014-15]) provided limited assurance in 2015-16. A summary of the assessments follows, but more detail is provided in the provincial overviews, section 9.

National Standing Committee on Public Accounts

Scopa has a normative responsibility to oversee the expenditure of public funds. The committee uses various mechanisms to discharge its oversight responsibilities. The committee conducts oversight in the following ways:

- Hold public hearings with departments and public entities.
- Undertake oversight visits to various departments to satisfy itself on the progress made on various high funded projects.
- Request progress reports from departments on specific matters of interest.
- Request specific briefings by public institutions on expenditure of public funds to enhance public trust on the financial affairs of government.

Although Scopa provided the required level of assurance for the year under review, there was an improvement in its oversight drive to ensure adherence to astute financial management. We credit the committee for undertaking the following key initiatives:

- Elevating the importance of consequence management by facilitating a briefing session with the anti-corruption task team, where an extensive briefing was provided on the state of disciplinary cases undertaken in the public service.
- Intensifying and advocating for the importance of accountability by accounting officers, as required by section 38 of the PFMA. Through this intensification, the committee has taken a big stride in seeking accountability at the appropriate echelons of the public service.
- Strengthened ties with the office of the chief procurement officer, with the view to deepen the understanding of matters relating to unauthorised, fruitless and wasteful expenditure that result from not adhering to proper procurement processes by departments.
- Intensely surfaced the undesirable trend of the late payment of suppliers by government departments, a norm that is outside the required statutory period of 30 days. This has led to a positive response by cabinet in a statement released on mid-September 2016.
- Institutionalised the practice of prioritising follow-up hearings with departments that have shown slow progress towards good audit outcomes.

Through the above initiatives, Scopa has achieved the desired impact that has seen exponential publicity and public interest in the issues they have raised.

Recently, the cabinet made a statement seeking to intensify matters relating to the late payment of suppliers. The session held with the anti-corruption task team on consequence management has been institutionalised to take place quarterly. The improvement experienced by Scopa is as a result of their enthusiasm to initiate oversight means to address the findings raised by the AGSA.

Scopa has also attracted political interest from ministers who voluntarily attend hearings to gain better understanding of the departmental challenges. The insight gained from Scopa enhances the ministers' oversight of their departmental affairs.

The committee needs to advocate for an opportunity for its reports to be debated in the House. It is understood that they were unable to do so this year, owing to the long break experienced because of the local government elections.

Provincial public accounts committees

Provincial legislatures have a constitutional mandate to oversee executive action in their respective provinces. Oversight is generally conducted through committee's mechanisms such as hearings, oversight visits and sending written questions to the provincial executives. For the year under review, there has been notable improvement in the oversight activities by provincial PACs.

The following positive key areas were noted on PACs:

- The majority of the PACs called on accounting officers to account publicly with relevant questions on issues raised on internal controls, with the exception of the Limpopo PAC which did not hold public hearings. This has been noted with concern as it may erode public confidence.
- An extra ordinary effort was further demonstrated by Gauteng to ensure continued robust interactions by members of the PAC and also holding the MECs and the heads of department accountable – a practice worth replicating across the board.
- There has been observed cooperation between PACs and portfolio committees, where joint hearings were held. KwaZulu-Natal and Gauteng have institutionalised this practice with a certain level of success.
- Resultant from the joint hearings, portfolio committees were able to follow up on issues raised during the Scopa hearings as part of their in-year monitoring.

- There has been a low level of committee recommendations tabled to the House; as a result there was a lack of ownership of the resolutions by departments. Almost all provinces were lacking in this regard, with the exception of Gauteng and the Western Cape where there has been success in this area of oversight.
- The PAC of North West in particular has made effective use of its resolution tracking mechanism to fast track departmental responses to the issues raised by oversight committees; while all other provinces did not have a system in place.
- It is also encouraging to note that portfolio committees were strengthening their oversight responsibility by holding accounting officers accountable. This trend mirrors the AGSA message of ensuring accountability at an appropriate level.
- Limpopo is the only province where the PAC was inactive. This worrying development renders accountability in that province a challenge.

Overall, there has been a great deal of improvement in the assurance provided by PACs across the spectrum, with the exception of Limpopo. The majority of Scopas still provide some level of assurance because of the following key challenges:

- An effort should be made to fast track the establishment of a proper resolutions mechanism across the provincial legislature spectrum. Such a mechanism will enhance the level of impact of all oversight committees.
- Where the resolutions were tabled in the House, there is a need to institutionalise the practice of debating reports, to facilitate public knowledge and elevate the issues that committees have raised.
- While the tracking of resolutions has to be undertaken by the House, there is a need for an institutionalised feedback mechanism that will provide a sense of progress to committees once the House has tracked its resolutions.

In order to improve and sustain audit outcomes, PACs require systems and processes to be in place to monitor and follow up on the implementation of the recommendations and House resolutions. In order to affect this, key consideration has to be placed on urging the speakers to establish such processes.

Association of Public Accounts Committees

The Association of Public Accounts Committees (Apac) is an association made up of the PACs from the nine provincial legislatures and the one from the National Assembly (Scopa). All PACs provided quarterly reports on their progress in monitoring identified sector departments (Education, Health and Public Works). This was in keeping with Apac's commitment to the auditor-general (AG) that all PACs would closely monitor these departments.

It is encouraging to note that Apac organised decentralise capacity building programmes and provided an opportunity for the AGSA to train on 'audit of predetermined objectives'. This was motivated by the understanding that even though the AGSA does not audit service delivery – the insights gained from audit of predetermined objectives would assist oversight structures to monitor service delivery from a planning and performance perspective.

At its recent bi-annual conference, the AG delivered a paper entitled *Dealing with SCM challenge and consequence management*. The theme of the conference was: 'Consolidating the 22 years' gains of oversight: Accelerating public accountability'. Essence of this paper was to provide a closer look at the key SCM challenges and consequence management and how these could be enhanced to provide much needed impetus in accelerating public accountability. The following key findings were highlighted at the conference:

- There is lack of capacity in PAC and MPAC members in enforcing consequence management.
- There is a culture of neglecting audit committee findings by accounting officers.
- No consequence management for senior management service staff. Only lower level staff is subjected to disciplinary processes.
- Staff caught for wrong doing resign and get employed elsewhere within the public service. This exposes the government to a greater risk as these individuals continue to misuse public funds and flout key legislation without any deterrent.
- The role of speakers in enforcing House resolutions needs to be strengthening.
- There is generally poor resolution tracking mechanism by legislatures.

The following resolutions were adopted for implementation by all PACs and Scopa:

- That PACs and MPACs should have focused oversight practices that will address SCM and consequence management challenges for the next 24 months.
- APAC must strengthen relations with speakers' forum and introduce mechanisms of tightening tracking of resolution implementation.
- PACs to cooperate with portfolio committees and MPACs towards enhancing consequence management across all spheres.
- PACs and MPACs should enforce accountability to those who are in the executive in all spheres of government.
- PACs and MPACs should ensure that the National Treasury register of blacklisted officials and companies is kept up to date.

Portfolio committees

In our assessment of the portfolio committees, 42% provided the level of assurance required. Most of the portfolio committees in the Free State, Limpopo and North West only provided limited or no assurance during the year under review.

As 2014-15 was the first year of the fifth Parliament we focused last year on capacitating portfolio committees and embedding the role the committees should play as assurance providers. We thus did not formally assess the committees in 2014-15.

A summary of the assessments follows, but more detail is provided in the portfolio overviews (section 8) and provincial overviews (section 9).

National portfolio committees

Portfolio committees are required to assess the strategic and annual performance plans of departments and public entities in order to effectively fulfil their oversight role. They enjoy a unique opportunity to actively oversee departmental actions throughout the financial year by holding public hearings and using other oversight mechanisms. For the year under review, the following initiatives were noted regarding portfolio committees:

- During the 2016 *Annual performance plan* (APP) briefings, portfolio committee chairpersons afforded the AGSA an opportunity to share its preliminary findings on the departmental APPs. These briefings empowered committees to have meaningful hearings with departments before the tabling of the APPs.
- There has been a notable trend where portfolio committee leadership specifically sought AGSA verification of information provided by departments, especially on matters of public interest such as the status of water service delivery. This trend signified an important shift in the oversight space as it cemented the committee's quest for proper accountability.
- We have also seen intensity in the portfolio committees demanding accountability on issues of unauthorised, irregular and fruitless and wasteful expenditure, most notable in line with ensuring that there is no wastage of public funds owing to the difficult economic situation of the country.

Overall, the majority of portfolio committees were able to follow up on audit findings raised by the AGSA during the in-year monitoring process.

Provincial portfolio committees

The overlapping membership of provincial portfolio committees and PACs with effort of holding joint hearings has enabled a symbiotic relationship between the two committees. In provinces such as Gauteng, Northern Cape, and KwaZulu-Natal, there have been pockets of excellence where follow-up on action plans of departments has been successful through such collaboration. Provinces such as the Free State and Limpopo have not experienced much success in this regard.

There is a need for a uniformed oversight processes for portfolio committees across the board, notable to schedule their activities according to the key oversight intervals of the legislatures. This will bring into effect the aspirations of effective oversight outlined in the legislative sector oversight model.

5.5 Conclusion

The main root causes of auditees' continuing challenges with regard to financial and performance management, as described in the preceding sections, are as follows:

Slow response to improve internal controls and address risk areas

Management (accounting officers and senior management) did not respond with the required urgency to our messages about addressing risks and improving internal controls. In our assessment this was the root cause of the audit outcomes at 222 (73%) of the 304 auditees that did not obtain clean audit outcomes.

The slow response by executive authorities and oversight structures (Scopa and portfolio committees) also had an impact on outcomes, but to a lesser degree at 21% for the executive authorities' response and 4% for oversight structures' response.

Our message and its delivery have been consistent for a number of years, but the slow response to this message and to the initiatives taken by national and provincial government is standing in the way of improvements in audit outcomes.

Inadequate consequences for poor performance and transgressions

As discussed in section 3.2.4, most auditees had mechanisms in place for reporting and investigating transgressions or possible fraud, and investigations were conducted which at some auditees led to consequences for transgressors. As per section 5.2, the performance contracts of key officials at most auditees are linked to audit outcomes, which means poor audit outcomes should have the required consequences.

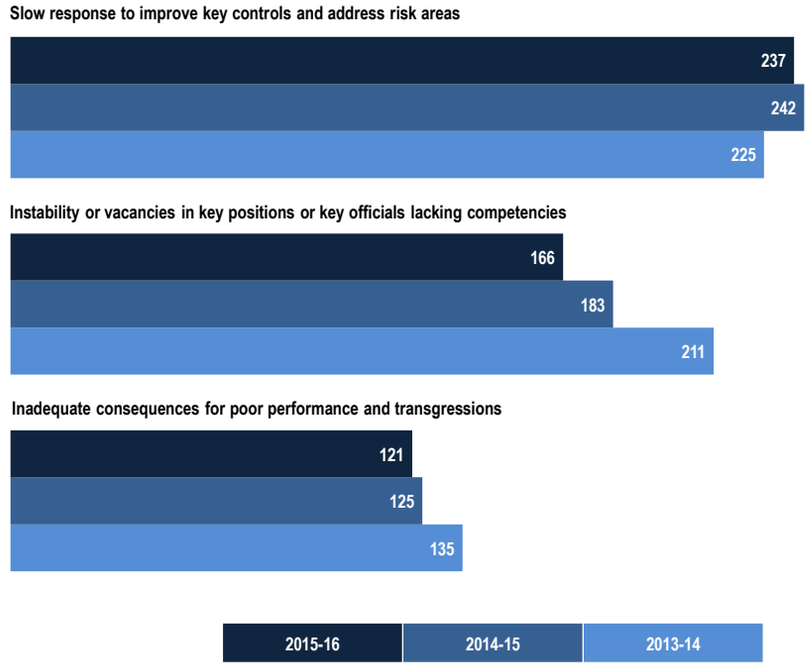
However, in our assessment the inadequate response to the transgressions and poor performance by officials at 121 (40%) auditees was the root cause of their poor audit outcomes.

Instability or vacancies in key positions or key officials lacking appropriate competencies

The stability and vacancy levels in most key positions have shown some improvement, but they were still prevalent enough to affect the rate of improvement in audit outcomes at 116 auditees (38%). Key officials that lack appropriate competencies were identified as a root cause at 26% of auditees that did not obtain clean audit opinions.

Our message on these three root causes has remained constant since 2013-14. Figure 1 shows the progress made by auditees in addressing these three root causes over this period.

Figure 1: Status of overall root causes



As illustrated in figure 1, there has been some improvement in the response to root causes in the previous year, while there has been a reduction since 2013-14 in the auditees where instability, vacancies, competency gaps and inadequate consequences were identified as the root causes of poor audit outcomes.

A Annexure 2 lists the auditees and the status of the overall root causes.