

**13**

**Assurance providers**

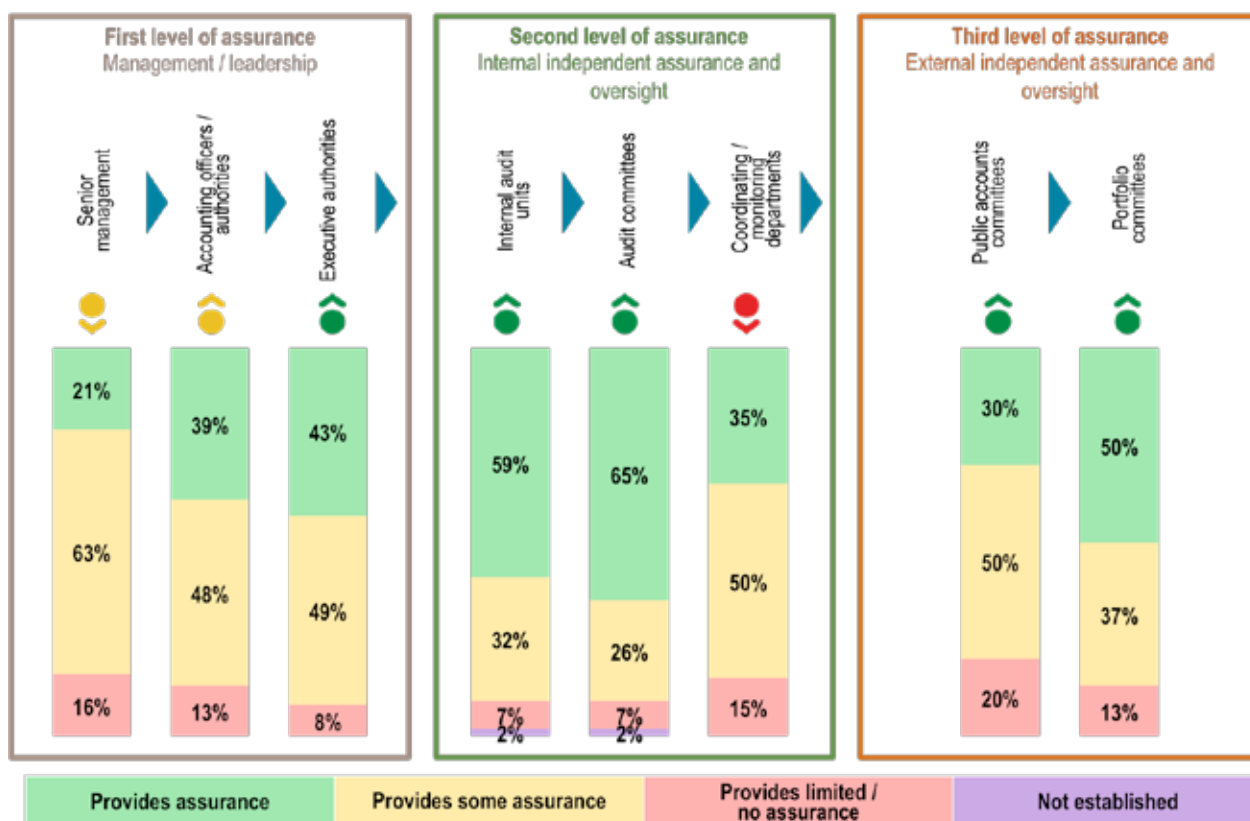
### 13. Assurance providers

Accounting officers and authorities use the **annual report to report on government spending and how they performed against the targets** set for the year, while one of the important functions of public accounts committees, portfolio committees and other oversight structures is to consider these annual reports and ensure that there is accountability for the results.

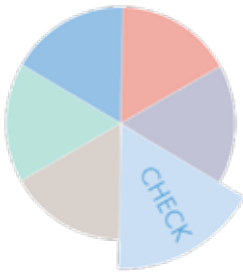
To perform their oversight function, they need **assurance that the information in the annual report is credible**. To this end, the annual report also includes our audit report, which provides assurance on the credibility of the financial statements, the performance report and the auditee’s compliance with legislation. Our reporting and the oversight processes reflect on history, as they take place after the financial year. Many other role players contribute throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.

Figure 1 shows our assessment in 2016-17 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 by taking into account either increases in ‘provides assurance’ or reductions in ‘provides limited/no assurance’.

**Figure 1: Assurance provided by key role players**



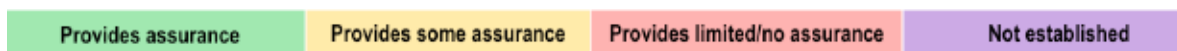
The assurance provided by five of the key role players had improved since 2013-14, with a slight improvement in the assurance provided by the accounting officers or authorities. There was a regression in the assurance provided by the coordinating or monitoring departments and a slight regression in the assurance provided by senior management.



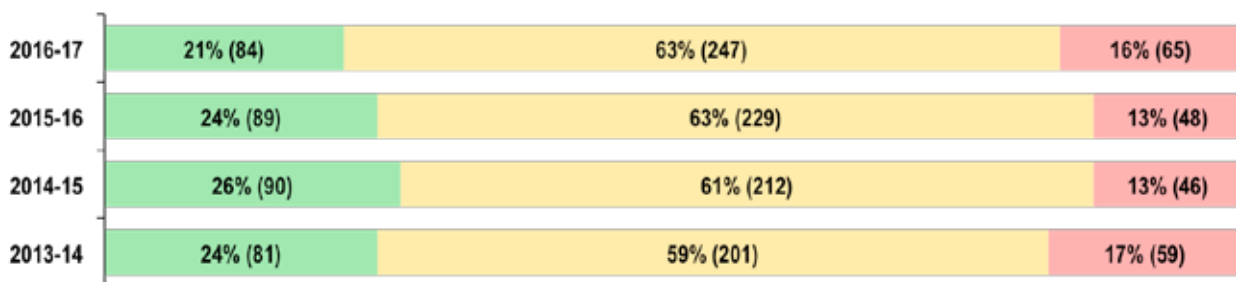
Low levels of assurance show that there are weaknesses in this crucial element of the improvement cycle, being monitoring to ensure that internal controls are adhered to, risks are managed and outcomes are achieved.

We provide an overview of the level of assurance provided by the different role players in the rest of this section. Please refer to section 17 for further detail on the role of each role player providing assurance and the assessment thereof. We also reflect on the status of commitments made (whether honoured or not) and key initiatives to be undertaken by the treasuries, offices of the premier, the Department of Planning, Monitoring and Evaluation (DPME), and the DPSA.

The following legend applies to the figures shown:



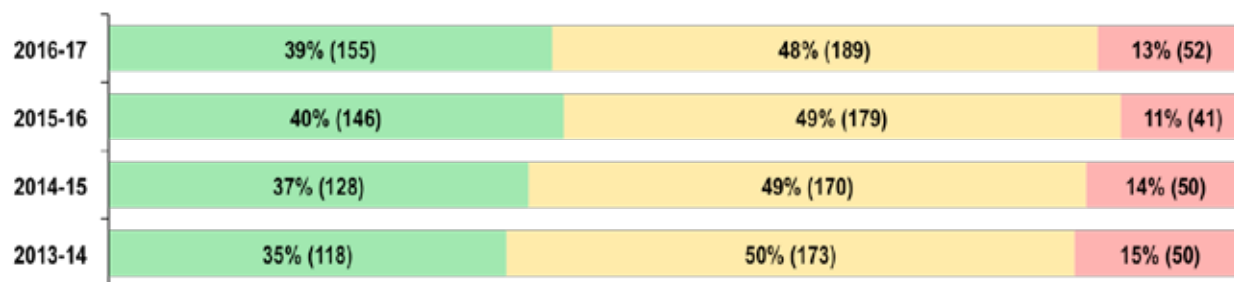
### Senior management



Accounting officers, chief executive officers and executive authorities rely 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. However, the assurance provided by senior management remained the lowest of all the assurance providers. Senior management at 79% of the auditees did not provide the required level of assurance in 2016-17 – a slight regression compared to the 76% in the previous year and in 2013-14. The number of auditees at which senior management provided limited or no assurance increased slightly.

At some auditees, instability and vacancies in senior management positions and a lack of skills in the finance units reduced the effectiveness of senior management, but these problems were no longer widespread at departments and public entities, as detailed in section 11. Although senior management ensured that policies and procedures were in place at most auditees, compliance with such policies and procedures as well as with legislation was not reviewed and monitored. Similarly, action plans were in place at most auditees to address audit findings but again the implementation (**DO**) and monitoring thereof (**CHECK**) were the parts of the process that were not in place. The poor quality of the financial statements and performance reports submitted to us for auditing is testament to the inability of senior management to give credible assurance to their accounting officers on the reports they produce. Often we see accounting officers not holding senior management to account for the poor submissions (**ACT**) – especially if the final audit outcome is positive as a result of us identifying the misstatements and allowing them to make the adjustments.

## Accounting officers or authorities



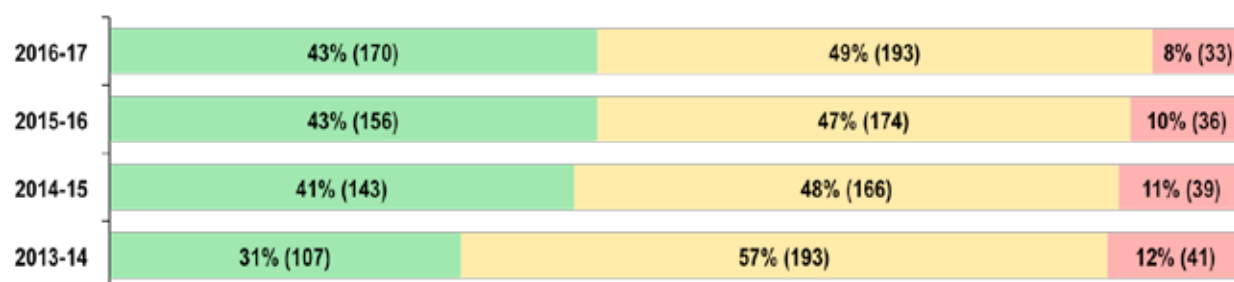
The responsibilities of accounting officers and authorities are clearly described in section 38 (for departments) and section 51 (for public entities) of the PFMA. In our assessment, however, accounting officers or authorities at 61% of the auditees were still not providing the required level of assurance by 2016-17.

Instability at board level and vacancies in the chief executive officer position negatively affected the assurance provided at some public entities, as detailed in sections 4 and 11. Accounting officers and authorities were often hampered in the performance of their responsibilities, as they did not receive credible financial and non-financial information from their senior management – but then, they also did not always address this weakness. The accountability process is weakened by not ensuring that senior management members account for their results and actions, and by not consistently applying consequence management for poor performance and transgressions.

Accounting officers and authorities must ensure that a strong control environment is in place at auditees. Unfortunately at some auditees, they were creating hurdles by not approving policies, delaying decisions or not ensuring that audit action plans, internal audit findings and resolutions from oversight committees were prioritised.

The assurance provided by accounting officers or authorities slightly improved over the past four years. The number of auditees at which they provided sufficient assurance had increased since the previous year (the percentage shows a regression, but it is as a result of the increase in the number of auditees being audited since 2015-16).

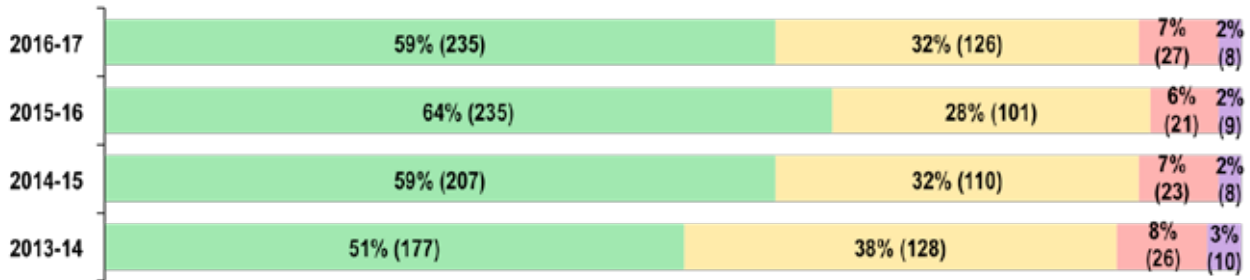
## Executive authorities



The executive authorities (ministers and members of the executive councils) 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 over the past four years and slightly improving from the previous year, are not yet providing the required level of assurance is based on the inadequate leadership controls observed at 50% of the auditees, as detailed in section 10. It is further supported by our assessment of the impact that they have had on audit outcomes as observed through our regular interactions with them and the commitments they had made and honoured to improve audit outcomes.

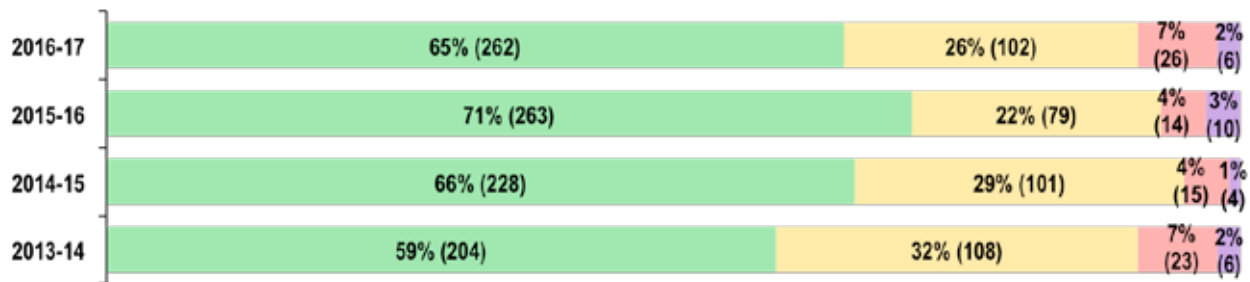
## Internal audit units



Internal audit units were in place at all but eight auditees by 2016-17. A total of 59% of the internal audit units provided assurance, which was an improvement from the 51% in 2013-14. The number providing assurance remained the same as in the previous year (the percentage shows a regression, but it is as a result of the increase in the number of auditees being audited since 2015-16).

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 249 of the internal audit units (2015-16: 244) had a positive impact on audit outcomes. The main reason for a lack of positive impact was the failure by management to address internal audit findings.

## Audit committees

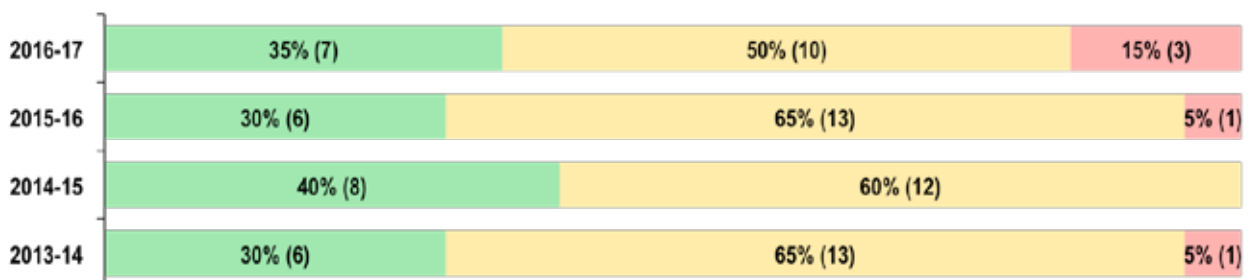


At 65% of the auditees, audit committees provided assurance, which was an improvement from the 59% in 2013-14 but slightly fewer than the number in 2015-16.

We assessed that the audit committees of 304 of the auditees had a positive impact on the audit outcomes (2015-16: 284). The number of audit committees that interacted with the executive authorities had also increased to 353 from 321 in 2015-16.

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

## Treasuries, offices of the premier and Department of Planning, Monitoring and Evaluation (coordinating/monitoring departments)

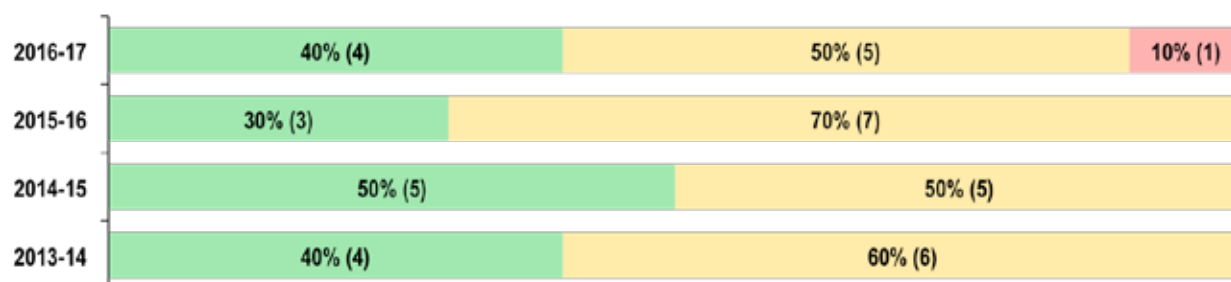


Some departments play a coordinating and monitoring role at national and provincial level as defined in legislation and in their mandates, which should contribute to the overall assurance process.

These departments are the offices of the premier, provincial treasuries, the National Treasury and the DPME. We assessed the impact of these departments on the controls of the auditees based on our interactions with them, commitments given and honoured, and the effect of their actions and initiatives.

In our assessment, most of these departments provided some assurance through their coordinating and monitoring functions. Although some departments improved over the four years, there were also some regressions. We summarise our assessments below, but provide a more detailed view on the provincial role players in section 16. We also touch on the role of the DPSEA although we did not assess them as an assurance provider.

### Provincial treasuries and the National Treasury



The assurance provided by the treasuries regressed over the four years. The provincial treasuries in Gauteng, the Northern Cape and the Western Cape consistently provided assurance over the past four years, but the assurance regressed from 2015-16 in the Free State with the provincial treasury only providing some assurance, and in North West where the provincial treasury provided limited or no assurance in 2016-17. Only the provincial treasury in the Eastern Cape improved from the previous year by providing full assurance in 2016-17.

We assessed the remaining provincial treasuries and the National Treasury as providing some assurance.

Table 1 lists the commitments previously made by the treasuries to improve audit outcomes and the status thereof, while table 2 lists the key initiatives agreed on by them in response to the current year's audit outcomes.

**Table 1: Status of previous commitments**

Number	Previous year's commitments	National Treasury	Provinces									
			EC	FS	GP	KZN	LP	MP	NC	NW	WC	
1	The continued roll-out of financial management products as well as capacity building in the whole of government remains a priority.											
2	Although a number of support plans have been developed to assist targeted departments and entities in financial distress, continue to provide support to address financial management weaknesses.											
3	Procurement reform: Following the SCM initiatives from the previous year, transforming government procurement to make it more cost-effective, transparent and equitable remains an area of significant importance.											

Number	Previous year's commitments	National Treasury	Provinces									
			EC	FS	GP	KZN	LP	MP	NC	NW	WC	
4	Overhauling SCM systems: Ensure a simplified and modernised SCM environment in government in response to SCM initiatives and the review of SCM policies.											
5	Focus on reducing irregular expenditure caused by SCM non-compliance.											
6	Enforce consequences for those that incur irregular expenditure.											
7	Maintain appropriate records to support credible performance and financial reporting.											
8	Continue to support the delegated local municipalities in the province within the legislative confines of the role of the provincial treasury. This may, among others, be through the current intergovernmental relations structures in the province, e.g. the chief financial officers forum, debt management committee, grant management committee, and engagement forum of members of the executive council / members of the mayoral committee.											
9	Enhance the review of quarterly financial statements, including disclosure notes, supporting schedules and key reconciliations; and provide feedback to the departments and audit committees to maintain unqualified financial audit outcomes for all provincial departments and entities.											
10	Address the non-compliance with SCM Regulations to prevent irregular expenditure.											
11	Reduce the unauthorised expenditure in the province.											
12	Section 18 intervention: Financial management resuscitation plan – improved cooperation between seconded officials of the provincial treasury and departmental officials.											
13	Establish an independent panel to deal with consequence management in the province. The panel will consist of different experts from fields such as labour relations, law and human resources. This is to ensure that the committee is fully equipped to effectively deal with consequence management.											
14	Collaborate with the National Treasury and Local Government and Human Settlements on the appropriate accounting framework for the compilation of the outstanding financial statements of the tribal authorities in the province.											

Number	Previous year's commitments	National Treasury	Provinces									
			EC	FS	GP	KZN	LP	MP	NC	NW	WC	
15	In addition to supporting the commitments of the premier, recommitted to continue support and guidance through budgetary control, monitoring of monthly reports and enforcement of financial management practices. It is pleasing to note that these initiatives contributed to the province not incurring unauthorised expenditure for the fifth consecutive year.											

Completed

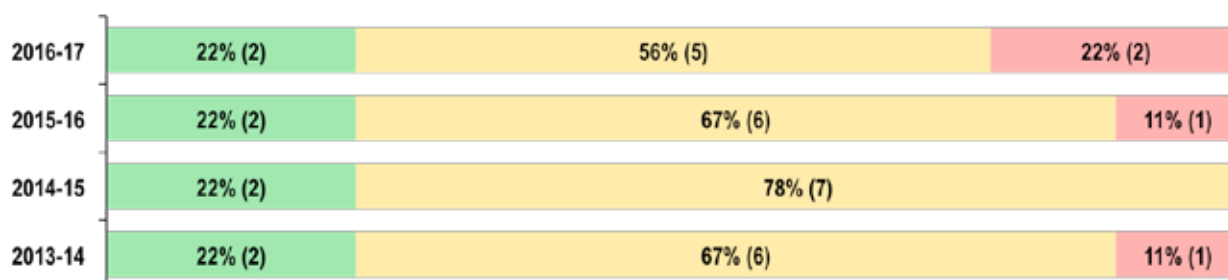
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Table 2: Key initiatives agreed on

Number	Key initiatives	National Treasury	Provinces									
			EC	FS	GP	KZN	LP	MP	NC	NW	WC	
1	Procurement reform: Transforming government procurement to make it more cost-effective, transparent and equitable remains an area of significant importance.											
2	Governance monitoring and compliance: (i) Provide continued support to the academic support programme for prospective chartered accountants. (ii) Issue guidelines to assist with the effective implementation of the revised Treasury Regulations.											
3	Exercise oversight over state-owned companies.											
4	Budget reforms for provincial public entities.											
5	Assist Education to reduce its qualification areas.											
6	Provide support to Health and Education as they have the biggest budgets.											
7	Address the challenge of accruals across all departments.											
8	Monitor and address the shortcomings identified during the early implementation stages of the open tender process.											
9	Exercise oversight over SCM with the aim of reducing irregular expenditure and ensuring effective and efficient procurement spending.											
10	Hold bilateral meetings with the AGSA to discuss any issues arising from both provincial and local government audits.											



## 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. Our assessment of assurance is based on the actions taken by them 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 was in North West, where the assurance provided regressed from some assurance in 2015-16 to limited assurance in 2016-17. The premier's office in the Free State also provided limited or no assurance in both 2015-16 and 2016-17. In both these provinces, the impact of the inadequate direction and failure to honour commitments made to improve audit outcomes can be seen in the deteriorating results of the provinces.

As in previous years, the offices of the premier in Gauteng and the Western Cape were the only ones that provided the desired level of assurance. The tone set by these premiers and their commitment to accountability are reflected in the continued good results of the provinces.

Table 3 lists the commitments previously made by the offices of the premier to improve audit outcomes and the status thereof, while table 4 lists the key initiatives agreed on by them in response to the current year's audit outcomes.

**Table 3: Status of previous commitments**

Number	Previous year's commitments	Provinces									
		EC	FS	GP	KZN	LP	MP	NC	NW	WC	
1	Appoint a permanent head of department for Education.	Green									
2	Fill other critical vacant posts at Education.	Yellow									
3	Resolve disputes raised on 2015-16 audit reports.		Green								
4	Review the use of implementing agents with a view to eliminating this practice.		Red								
5	Accounting officers to provide more assurance through oversight and taking ownership of the control environment.		Red								
6	Honoured the commitment to fast-track the implementation of the open tender process to assist in curbing irregular expenditure. Will continue to monitor the implementation of the open tender system to encourage transparency and accountability regarding procurement and contract management, with the aim to get it gazetted through the provincial legislature.			Yellow							
7	Monitor implementation of the transformation, modernisation and reindustrialisation plan through the different departments' annual performance plans and quarterly reporting.			Yellow							
8	Address the root causes of poor audit outcomes.				Yellow						

Number	Previous year's commitments	Provinces								
		EC	FS	GP	KZN	LP	MP	NC	NW	WC
9	Fill vacancies in key positions, notably those of accounting officers.					In progress				
10	No more disclaimers. If there are disclaimers, there will be serious consequences for officials as well as for political leaders.					Completed				
11	Continuously refine involvement in monitoring and guiding provincial departments through the monitoring and evaluation unit.						Not implemented			
12	Executive authorities to receive monthly reports on the performance of their departments, particularly regarding payments within 30 days and SCM compliance.						In progress			
13	Ensure that the required human capital is appointed at Environment so that the department is able to run smoothly.						Completed			
14	Ensure that the quality of financial statements improve.						In progress			
15	Cabinet to continue to engage with heads of departments and chief financial officers to proactively resolve financial and SCM issues.						In progress			
16	Establish a committee consisting of the head of department: Finance, Office of the Accountant-General, a legal representative from the premier's office and an external chartered accountant to guide the process to address unauthorised, irregular and fruitless and wasteful expenditure and also to ensure a uniform interpretation of regulations governing the treatment of such expenditure. Resolutions taken by the committee will be communicated via a treasury circular.							In progress		
17	The premier to continue using the premier's coordinating forum to coordinate and monitor provincial oversight, as well as interactions with members of the executive council, on a monthly basis to determine what progress had been made towards clean administration. This commitment is further underpinned by strategic goal 5 of the provincial strategic plan for 2014-19, which specifically outlines the provincial government's commitment to embedding good governance and integrated service delivery through partnerships and spatial alignment.									Completed
18	The provincial executive has recommitted to ensuring that operation clean audit, coordinated by the ministries of provincial treasury and local government (Troika), will remain a standing agenda item of the premier's coordinating forum for monitoring and evaluation of municipalities' key controls and commitments, as well as sharing best practices to achieve sustainable clean audit outcomes.									Completed

Completed

In progress

Not implemented

**Table 4: Key initiatives agreed on**

Number	Key initiatives	Provinces								
		EC	FS	GP	KZN	LP	MP	NC	NW	WC
1	Ensure that accountability is enforced and that the assurance provided by accounting officers and senior management improves.									
2	The province will find a way to deal with medical legal claims in the absence of a national response.									
3	At least 50% of departments to achieve a clean audit status in 2017-18.									
4	Reduce irregular expenditure caused by SCM non-compliance and monitor implementation of consequence management.									
5	Finalise the matter of classification of expenditure between goods and services and transfer payments (even if a declaratory order from court must be obtained).									
6	Heads of departments to implement consequence management for transgressions.									
7	Continue oversight and acceleration of provincial initiatives for the achievement of clean administration across the province. Obtain 75% clean audits in the 2017-18 financial year.									
8	Action plans on audit outcomes to be a standing item at head of department forum meetings, with progress to be reported by heads of departments and escalated to the cabinet lekgotla. Implement a checklist to track this at head of department level.									
9	Members of the executive council to spend more time on providing oversight of departments.									
10	The director-general to ensure that the operation clean audit structure is revived in the province.									
11	Leadership and senior management to deal with issues relating to irregular expenditure and performance reporting.									
12	Departments to ensure that they have quarterly engagements with the AGSA, similar to those with the premier's office, so that issues are dealt with during the course of the year.									
13	The provincial treasury to validate the current status of public entities and to communicate the closing of entities and other changes appropriately by November 2017 to key role players.									
14	The provincial treasury to submit the 2018-19 annual performance plan for departments to the AGSA by 15 December 2017; and ensure that the submissions for the oversight process are aligned to legislation.									

### **Department of Planning, Monitoring and Evaluation**

We assessed that the DPME had provided the required level of assurance since 2014-15 – an improvement from the some assurance provided in 2013-14. 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. They also reviewed the annual performance plans of national and provincial departments to contribute to the quality of the plans. However, not all departments implemented the DPME's recommendations.

Table 5 lists the commitments previously made by the DPME to improve audit outcomes and the status thereof, while table 6 lists the key initiatives agreed on by them in response to the current year's audit outcomes.

**Table 5: Status of previous commitments**

Number	Previous year's commitments	
1	Monitor and report on the 30-day payment commitment.	Completed
2	Ensure that sector plans for strategic sectors are developed and implemented.	In progress
3	Monitor the performance and effectiveness of SOEs in directing their resources towards the country's development goals and objectives.	In progress
4	Align national budget to key priorities.	Completed

Completed

In progress

**Table 6: Key initiatives agreed on**

Number	Key initiatives	
1	Develop enabling legislation for planning, monitoring and evaluation.	In progress

In progress

## Department of Public Service and Administration

Although the DPSA does not provide direct assurance, they play an important role in improving the management of HR and IT in government.

Table 7 lists the commitments previously made by the DPSA to improve audit outcomes and the status thereof. At the time of this report, no key initiatives had been agreed on by them in response to the current year's audit outcomes.

**Table 7: Status of previous commitments**

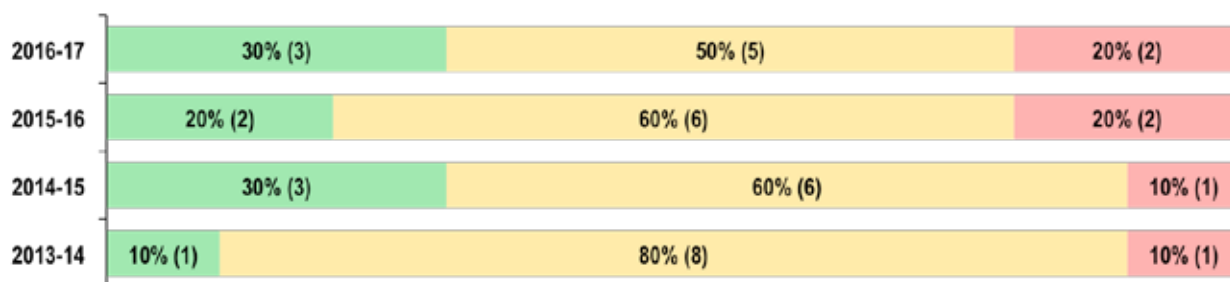
Number	Previous year's commitments	
1	The amended Public Service Regulations issued in terms of the Public Service Act became effective on 1 August 2016, which further regulate the employment relationship of government employees that do business with organs of state.	Completed
2	Turnaround time to resolve disciplinary cases at national and provincial departments.	In progress
3	Approval of a mentoring and peer support framework that seeks to enable individuals to develop through the transfer of knowledge and skills from peers.	Completed
4	The competencies of financial management, people management and empowerment still required attention in government.	In progress
5	The usage of the e-Disclosure system for financial disclosures.	In progress
6	Self-assessment of HR compliance in the management performance assessment tool to monitor compliance with the HR and information and communication technology governance framework by individual departments.	In progress
7	Letters issued 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.	Completed
8	Directive on compulsory capacity development, mandatory training days and minimum entry requirements for government.	Not implemented
9	Filling the position of the government chief information officer.	Not implemented
10	Lack of adequate understanding and involvement in the strategic alignment of business strategies against IT-driven initiatives by the majority of government IT officers.	In progress
11	Minimum Interoperability Standards and Minimum Information Security Standards were not approved and revised accordingly.	In progress

Completed

In progress

Not implemented

## National Standing Committee on Public Accounts (Scopa) and provincial public accounts committees



We assessed that 30% of the public accounts committees provided the required level of assurance – with Scopa as well as the committees in the Eastern Cape and the Western Cape providing full assurance. Only two public accounts committees were assessed as providing limited or no assurance – those in the Free State and North West. The rest of the public accounts committees provided some assurance during 2016-17.

### National Standing Committee on Public Accounts

Scopa has a responsibility to oversee the expenditure of public funds. They use various mechanisms to discharge their oversight responsibilities, including the following:

- Utilising insights provided by us during briefings before public hearings and oversight visits to departments.
- Conducting hearings in the presence of the Anti-Corruption Task Team and Hawks to ensure that prolonged and suspicious cases are handed over to them.
- Requesting progress reports from the Special Investigating Unit on investigations into cases of corruption.

Scopa provided the required level of assurance during the year under review and further improved their oversight approach. The following were notable areas in this regard:

- With regard to their anti-corruption stance and maladministration, the focus was on departments that incurred irregular and fruitless and wasteful expenditure, conflict of interest, departments that failed to table their annual reports on time, and any other occurrences where losses of public funds were identified.
- A few oversight visits were conducted and the engagements with stakeholders were meaningful by elevating the importance of consequence management. Scopa further pursued individual departments where there was evidence of disregard for consequences.
- Ties with the Office of the Chief Procurement Officer were strengthened by holding quarterly engagements to keep the committee updated on irregularities in the public sector, especially relating to SCM and the non-payment of invoices within the prescribed time.
- The committee continued to intensify their focus on, and advocate for the importance of, accountability as per the combined assurance model and section 38 of the PFMA.

The intense effort of Scopa resulted in members of the general public acknowledging our reports, which increasingly gained publicity and recognition from them.

The committee still needs to advocate for an opportunity to debate its reports in the House. Unfortunately no resolutions have been processed yet, which makes it difficult for us to assist the committee in following up on recommendations made.

## Provincial public accounts committees

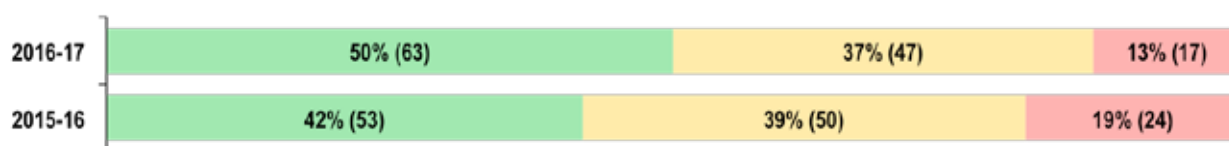
Provincial public accounts committees continued the level of oversight exhibited in the previous year. However, when compared to Scopa, these oversight committees did not sufficiently engage on topical issues in the public space. They still seemed to focus on the elementary elements of oversight without a heightened level of oversight on transversal issues. There was also a lack of coherence in the oversight function of public accounts committees in the provinces. The following are some of the more notable concerns:

- Most committees did not strongly advocate for consequences from their respective executive authorities to address transgressions identified in their administration.
- Some could not facilitate oversight leverage on our findings relating to unauthorised, irregular and fruitless and wasteful expenditure.
- Some committees did not adequately plan their oversight activities to maximise their focus on key issues we have raised.
- The committees did not effectively utilise the media to create the necessary hype and public interest in their oversight activities.
- Although there have been numerous opportunities to take oversight lead on governance failures in the provincial government, committees were unable to take advantage of such opportunities that would have enabled them to build public trust.

Generally, most provincial public accounts committees seemed to struggle with effectively discharging their oversight functions – mostly because of the lack of political will. In instances where they were able to execute their mandate, they were generally hampered by the lack of action and adequate monitoring of their resolutions. The public accounts committee in Limpopo is one of the committees that encountered challenges which hampered effective oversight. For example, most departments demonstrated a lack of respect towards the committee by coming to hearings unprepared. Having said that, public accounts committees in other provinces such as Gauteng, KwaZulu-Natal and Mpumalanga could sufficiently discharge their responsibilities and were able to hold successful hearings.

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## National and provincial portfolio committees



We assessed that 50% of the portfolio committees provided the required level of assurance – most prominently the national portfolio committees and the portfolio committees in the Western Cape. Only 13% were assessed as providing limited or no assurance – most prominently the portfolio committees in North West and the Free State. The rest of the portfolio committees provided some assurance during 2016-17.

## National portfolio committees

Portfolio committees are mandated to oversee executive action on matters relating to policy and service delivery implementation. They play an in-year monitoring role that allows them to take immediate action where there are notable failures. In the recent past, national portfolio committees have effectively executed their mandate. We highlight the following successes in the year under review:

- Since the inception of the ad hoc committee of enquiry on the functioning of the SABC board, there has been a notable vigour from portfolio committees to pursue matters related to the functioning of SOE boards.

- A notable development was that portfolio committees asked relevant questions to departments especially on service delivery issues – particular focus was on the achievement of targets set in departmental annual performance plans.
- Most committees increasingly expressed concerns about the instability of leadership in entities and departments, particularly vacancies in key positions such as chief financial officer and heads of key programmes as set out in the annual performance plans.
- Most committees covered issues raised by the media as informed by the messages in our general reports, such as irregular expenditure.
- Most committees also demonstrated an improved understanding of our mandate; in the past, committees used to ask us what we have done when there was no movement in the audit outcomes.
- Owing to the insight we provided, most committees called on departments to provide regular updates on the actions taken to implement our recommendations.
- The relevant committees provided us an opportunity to share the findings of the performance audit on water infrastructure. The committees were encouraged and receptively acknowledged the findings of the report and committed to hold oversight hearings with the departments concerned.

While there was a general positive trend in the assurance provided by portfolio committees, the following issues still require attention:

- While portfolio committees have improved their oversight activities, a few committee members still did not adequately understand our mandate – as illustrated by confusion around the accountability for negative audit outcomes.
- The rotation of chairpersons owing to executive and other reshuffling hampered the continuation of expertise, particularly in committees identified in our stakeholder interaction plan.

### **Provincial portfolio committees**

The engagements of provincial portfolio committees grew steadily from previous years. However, certain provinces such as North West continued to experience challenges in engaging portfolio committees because of the unavailability of stakeholders due to conflicting priorities, a lack of proper stakeholder relations, and a poor understanding of stakeholder dynamics, among other reasons.

Efforts by several of our internal business units to engage with provincial portfolio committees on our new audit methodology, the status of records reviews and the assessment of portfolio committees yielded some positive results. There was a general appreciation of our value-add to the public sector through these interventions. Most committees demonstrated a willingness to make themselves available to engage with us on key accountability issues. Continual engagements of the provincial portfolio committees are required to see a marked change in the level of oversight they provide.

### **Association of Public Accounts Committees (Apac)**

Apac continued to enhance the capacity of all public accounts committees and portfolio committees through their decentralised training programmes. The portfolio committees that were targeted were education, finance, health, local government and public works. During these programmes, members were exposed to the audit of predetermined objectives as well as performance audit insights. Members were taken through recently published performance audit reports on urban renewal, water infrastructure and pharmaceuticals. Members were quite appreciative of the insights and understanding gained from these engagements.

During the auditor-general's recent PFMA roadshow to Apac's council of delegates, a sense of vibrancy took over the meeting. For the first time, members were vulnerable enough to deal with issues that were deterrents to effective oversight. Members accepted that the reason why there has not been a dramatic improvement in the performance of the public sector was because they have not done their part as oversight. This was primarily because in the past those who had passionately dealt with their oversight responsibilities had fallen victim to reshuffling or expulsion. During the meeting, there was a strong commitment to effective oversight irrespective of the consequences, and members acknowledged that there was a greater prize to be gained from being principled. A call was made to go back to the basics of oversight by embracing the attitude of doing real oversight without fear, favour or prejudice.

Over and above this pledge, the following commitments were made:

- Apac will continue with capacity-building programmes for public accounts committees and portfolio committees.
- All public accounts committees must prioritise a transversal approach in scrutinising the work of auditees with regard to the highlighted areas. In this way, public accounts committees can focus on specific matters at the same time.
- The implementation of our recommendations by auditees must be tracked and monitored throughout the year to ensure that oversight bodies are fully aware of the state of affairs when the processing of annual reports begins. Each department appearing before a public accounts committee must produce an action list every quarter to demonstrate progress towards addressing the issues we have raised. If they fail to do so, they must be sent back.
- There must be closer coordination with portfolio committees to enhance oversight practices. This would ensure that there is continual oversight where portfolio committees pick up on issues raised by public accounts committees to ensure stronger oversight.
- Oversight committees must ensure that accounting officers and executive authorities are held accountable for consequence management.
- Apac must lobby relevant bodies regarding the qualification of SCM professionals and the state of ethics in that profession.