



DAG's COLUMN

Wholesale clean administration – a fitting tribute to the outgoing Auditor-General

In 2006, just a few days after his appointment as the Auditor-General, Terence Nombembe had this to say about clean administration: “Public sector audits go beyond merely expressing an opinion on the financial statements. When we audit the public sector, we also comment on the effectiveness of key management processes and give feedback on compliance with laws and regulations. We have to report in a manner that enables Parliament and the executive to account for how they deal with taxpayers’ money.”

As we prepare to release another set of local government results, which are not that satisfactory, it is important to reflect on these words of wisdom.

These words signalled a significant paradigm shift and a new journey for South Africa’s Supreme Audit Institution, the Auditor-General’s office. The main focus of this developmental drive meant that, as an institution, we

would work very closely with those charged with governance and oversight. This entailed the dissemination of clear messages to all stakeholders, in particular the broader public, on the results of our audits, which could lead to action. This is the journey that the outgoing Auditor-General (AG), supported by his dedicated team of almost 3 000, has undertaken over the past seven years. I am sure that many will agree with me that this has gone a long way towards ensuring accountability and good governance in the public sector.

Since 2007, our team ethos, led by Nombembe, has been premised on relevant and easy-to-understand audit messages. We firmly believe that such messages are most likely to lead recipients to making decisions and taking actions that will move us towards clean administration across the the public sector.

Travelling the country to share good governance tenets

To enhance our audit messages, we had to communicate the ‘root causes’ through interactions with all relevant stakeholders. Throughout his tenure, the AG has led from the front, personally visiting and meeting key role players in all 283 municipalities of the country. With the support of the team, he has been able to track commitments made by oversight bodies, the executive and accounting officers towards clean administration in all spheres of government. The emphatic message during this journey has always

been that it is possible for all public sector departments and/or entities to achieve clean audits! All that is needed is to have the basic internal control systems in place. This suggests that there must be a suitably qualified workforce to implement these disciplines coupled with a dedicated political leadership that will monitor and ensure that these disciplines are implemented.

Improved audit results are achievable

The Auditor-General of South Africa's (AGSA) message during all these interactions has consistently remained the same: clean audit results are achievable in all spheres of government, provided the basic administrative tenets are in place.

In this regard, it is important to restate that clean audit opinions indicate that the financial statements are fairly presented and accurate in accordance with applicable

standards prescribed by the law. The past seven years' experience has proven to us that it is mainly those government entities whose leadership has set the right tone that have achieved clean audits. At the core of this success, is the commitment to address the audit findings and recommendations in our reports. This illustrates that clean audits are certainly achievable and can be maintained.

Implementation of remedial actions

The AGSA has, during all our interactions with government stakeholders, received firm commitments to address poor audit outcomes. Commitments to take corrective actions have also been made. In this vein, we are equally aware of the efforts of the government, in all three spheres, to implement actions to address the root causes and remove impediments to total clean administration. The oversight structures have equally committed to address this problem. We are hopeful that in the coming years these initiatives will have the desired effect on audit outcomes.

A handful of departments, municipalities and entities have achieved the desired audit outcomes by ensuring that the basic internal controls and systems are in place. These include developing and implementing action plans to remedy deficiencies highlighted by the AGSA in previous years. For example, those that have achieved and maintained clean audits have made it a way of life to perform daily, monthly and quarterly reconciliations of their financial records. Apart from being able to produce reliable accounts on their revenue, expenses, liabilities and assets, they pay attention to corroborating their service delivery reports. They also have measures in place to ensure that legislated duties are performed and prohibited transactions are prevented.

In all three spheres of government, particularly in local government, we continue to observe the impact of lack of skills, lack of key administrative controls, and failure to effectively

manage poor performance. These, coupled with poor supply chain management, a lack of information technology (IT) controls and significant errors in financial statements, are some of the stumbling blocks that hamper our march towards clean governance. This is despite the increased use of consultants!

Although the municipal audit results we are releasing this month remain unsatisfactory, we are comforted by the commitment and support we continue to receive from the government leadership. The AGSA will continue to work closely with the government leadership on our clean administration journey.

The journey towards establishing transparent, reliable financial and service delivery reporting in the public sector continues. This is because the commitments made recognise the value of clean administration in telling a story of achievements, but most importantly, of the manner in which public resources are expended in pursuit of agreed plans as prescribed by law. We are honoured to renew our commitment to play our part in this journey as we gear ourselves to bid farewell to the current AG, Terence Nombembe. We assure Maduna of our continued efforts to nurture and nourish the seeds he planted so that the rewards of the harvest can be enjoyed by all citizens.

This is the essence of clean administration.

End



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence