



# GOVERNMENT DIALOGUE

IN CONVERSATION WITH THE PUBLIC EMPLOYEE

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## AG's report shows we are doing something right



Auditor-General Kimi Makwetu.

**A**uditor-General Kimi Makwetu recently released an audit report of our municipalities, state entities and government departments. The report once again showed marked improvements in the management of public funds by these public institutions as compared to the previous year.

One of the successes of our democracy was no doubt the establishment of the office of the Auditor-General which has since its inception gone a long way to strengthen oversight, accountability and governance in the public sector through independent auditing. Government will continue to cooperate with this office.

The President, Ministers, Premiers and MECs are taking the findings of the Auditor-General seriously and we will put in extra effort to ensure that internal controls are improved to set us on a path to stringent management and accountability in the finances of the state.

We would like to take this opportunity to thank and applaud the Auditor-General for his leadership when working with officials from all our departments and entities during the current audit period.

It is encouraging to note that the audit outcomes this year show an improvement, with 119 (25%) of the 469 auditees attaining clean audit outcomes compared to 22% in the previous year.

This means that more departments and entities received clean audits or unqualified audits with no findings in the 2013/14 financial year compared to 22%, or 96, that achieved the same result in the 2012/13 financial year.

Although this is a slight improvement, government remains committed to achieving clean audits across all spheres as that would be indicative of sound governance that will set us on the road to improved service delivery.

The report shows that senior managers within the public service are addressing the concerns that the office of the Auditor-General has raised over the past few years. The Auditor-General also reports that 40 departments and 79 public entities operate in environments characterised by strong leadership, good governance and financial and performance management controls that prevent and correct errors and non-compliance.

Fifty-one percent, or 238 departments and entities, achieved unqualified audits with findings in 2013/14 compared to 56%, or 242, in the 2012/13 financial year.

Sixteen percent, or 73 of the departments and entities achieved a qualified audit outcome and the number was the same for the previous financial year.



communications

Department:  
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Most importantly, there has been a reduction of adverse or disclaimer audit outcomes as stipulated in the Auditor-General's report.

Auditees with an adverse or disclaimer audit outcome with findings dropped to 4%, or 18, in the year under review from 5%, or 21, in 2012/13.

While the Auditor-General has raised concerns over irregular expenditure, we welcome his recommendations to further improve key controls in the six risk areas that he identified. This includes the quality of submitted financial statements and performance reports, supply chain management, financial health, human resource management and information technology controls.

The Auditor-General has also called on us to focus on getting the basics right. This requires us to fill vacant positions with competent officials and implement basic internal controls, as well as enforcing compliance with legislation by following processes and procedures.



The audit outcomes are also consistent with the assessment of 155 national and provincial departments that is conducted by the Ministry in the Presidency for Performance, Planning, Monitoring and Evaluation on an annual basis. The assessments, known as the Management Performance Assessment Tool (MPAT), identify challenges in governance and accountability, human resource management and financial management, amongst others.

Instructions are then given to senior managers in government to implement improvement plans recommended by the MPAT results to improve internal controls and compliance to bolster service delivery. We will not rest until financial management is improved and a lack of compliance related to procurement is enhanced.

We take all issues related to procurement seriously. The most recent assessment results, which were presented to Parliament in September, show that more departments are responding to the recommendations and implementing improvement plans.

However, we will not achieve our goal of having clean audits without paying attention to human resources management.

The Department of Public Service and Administration continues to educate public servants on the requirements of the Public Finance Management Act.

Over the past year, the National Assembly passed the Public Administration and Management Bill of 2013 by a majority vote and referred it to President Jacob Zuma for his assent. Once the Bill has been signed into law, the department plans to implement the Act in phases that will pave the way for the development of regulations, norms and standards. This will professionalise the public service and bar public servants from doing business with the state, amongst others.

We are confident that institutions created by our constitution like that of the Auditor General will continue to exercise their oversight role without fear or favour as their independence remains a cornerstone in our democracy.