



AUDITOR-GENERAL  
SOUTH AFRICA

# CHALLENGES FACED IN THE PUBLIC SECTOR



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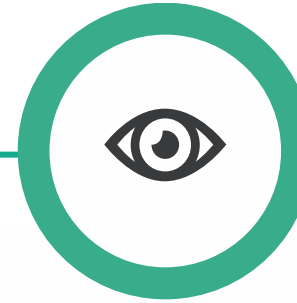


# OUR MISSION AND VISION



## MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence



## VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability



# CHALLENGES FACED AUDITING THE PUBLIC SECTOR

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# Challenges faces in auditing in the Public Sector

## ● Challenge 1:

**AGSA recommendations are ignored and not implemented**

- Same findings on internal controls year after year
- Fraudsters exploit these weaknesses in internal controls in subsequent years

1



# Challenges faces in auditing in the Public Sector

## ● Challenge 2:

### Instability at leadership levels at Departments and especially at Municipal level

- Audit recommendations are made to an incumbent and when we follow up we then deal with a new person in that position.
- Extra time is needed to study the recommendations and take action.
- We issue material irregularities (MI) to the Accounting Officer, who then resigns just before they need to respond to the MI.

# 2



# Challenges faces in auditing in the Public Sector

## ● Challenge 3:

### Oversight within public sector is not effective

- Our reports are tabled in parliament
- We issue various reports to portfolio committees, even advise National Treasury
- **BUT** we see little interventions taking place.
- On a number of auditees we even engage with the relevant Minister but there remains no action

# 3



# Challenges faces in auditing in the Public Sector

## ● Challenge 4:

### Inadequate Financial Assessments

- Inadequate oversight over deficiencies in internal controls at Departments/ entities/ municipalities.
- Budgets/ expenses being treated in the public space like monopoly money.
- They don't apply proper financial assessment on the reasonability of expenses/ contracts and subsequent extensions.
- You are left with a question – would they have paid this much if it was their money

4



# Challenges faces in auditing in the Public Sector

## ● Challenge 5:

### **Auditees not submitting AFS or providing documents**

- We are left with no other option but issue a disclaimer. Certain auditees would prefer a disclaimer opinion rather than adverse findings as a results of our review.
- We are attempting to address this through the MIs process.
- Our extended mandate introduced the MI process. We have already issued MIs on 23 Disclaimer municipalities and subsequently issued recommendations to 14.
- We raised 4 MIs on entities who did not submit AFS
- Documentation not submitted for tenders awarded, resulting to limitations on the scope.

# 5





# Other

1

Severe  
pushbacks from  
auditees

2

Threats and  
intimidation

3

Fabricated  
documents

4

Complete  
disregard for the  
audit process

5

Vacancies

**Investigators must be independent and objective**



# THANK YOU

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