



AUDITOR - GENERAL
SOUTH AFRICA



Auditing to build public confidence

Values and Ethics – Curbing Corruption

Alice Muller
Corporate Executive

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Reputation promise/mission

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by **enabling oversight, accountability and governance** in the public sector through auditing, thereby **building public confidence**.





“It is in the quality of our services, and the integrity of our engagements, that we have the most powerful levers of social change.

Quality and integrity cannot be assured, as we know, by laws or ideological precepts, by sanctions or emotional appeals.

They derive from dedication, commitment and shared values. “

Minister Nene (October 2015)
2015 Medium Term Budget Policy Statement Speech



Entrenched in the Constitution - S195 Basic values and principles



- Promote & maintain high standards of professional ethics.
- Use resources economically, efficiently & effectively.
- Provide services impartially, fairly, equitably & without bias.
- Respond to people's needs.
- Public administration must be accountable.
- Transparency must be fostered.
- Good human resources management.
- Representatively.

“Ethics is knowing the difference between what you have a right to do and what is right to do.”

By Potter Stewart



The Constitution sec 217. (1) Procurement

When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is **fair, equitable, transparent, competitive and cost-effective**.

AGSA Responsibility :

To identify the key internal control deficiencies to be addressed

We assess the risk of fraud, but we are not responsible for:

- fraud identification
- fraud prevention.



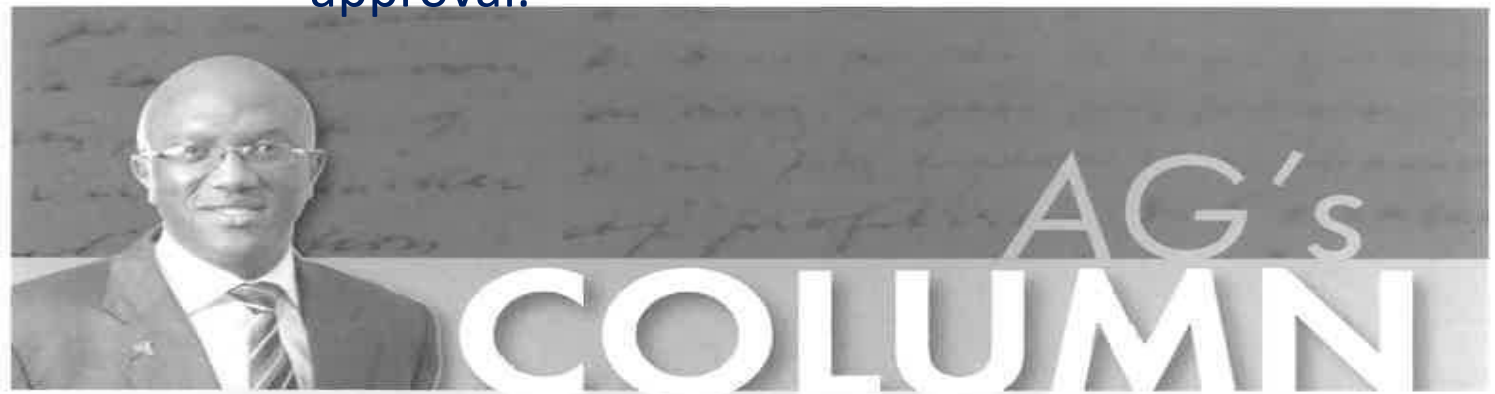
Irregular Expenditure

Irregular expenditure



Expenditure incurred in contravention of key legislation, prescribed processes not followed

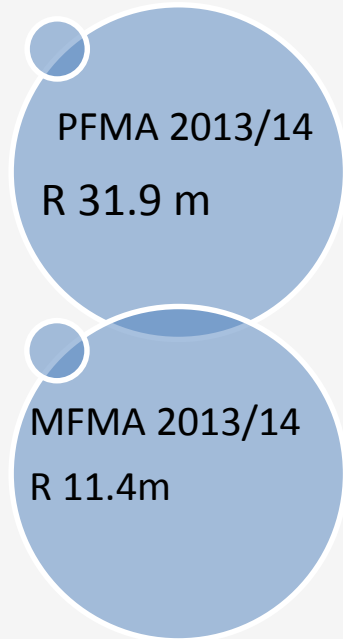
- Procurement without a competitive bidding or quotation process
- Deficiencies during the procurement processes
- Awards to close family members
- Awards to employees
- Tax clearance certificate not in place
- Not registered with CIDB Construction industry development board
- Contracts amended or extended without approval.



Facts in Numbers



Irregular Expenditure



Municipal Infrastructure Grant 2013/14

R15.5bn
available

R13.6 bn
spent

R6.2 bn
resulted in
achievement
of targets

Sector focus areas

Health

Health Facility Revitalisation Grant R 5.5b

Education

Education Infrastructure Grant R 6.9m
Accelerated school infrastructure delivery
initiative R2.9

Human Settlement

Human Settlement development Grant R 17.7bn

Sector findings:

- Projects were not effectively managed and monitored resulting in poor quality infrastructure
- Delays in completion of projects by the contractor
- Additional cost were incurred to correct sub-standard work
- New / upgraded facilities had structural defects that were visible
- Norms and standards not being adhered to



Root causes



Root cause	Recommendation
Lack of consequences for poor performance and transgressions	Consequence management that is linked to a performance management system must be established and implemented. Transgressors must be held accountable.
Instability or vacancies in key positions	Filling vacancies of key positions must always be prioritised to ensure adequate oversight of the entities.
Slow response by management in addressing the root causes of poor audit outcomes	Entities must design detailed action plans to address the root causes. Oversight bodies must constantly hold senior management accountable to those action plans.



Critical disciplines to be in place

- Exemplary and Ethical leadership
- Adequate skills and capacity
- Clear roles and responsibilities
- Effective governance structures
- Consequence management



National Development Plan vision 2030



Our vision for 2030 is a South Africa that has zero tolerance for corruption. In 2030, South Africa will be a society in which citizens do not offer bribes and have the confidence and knowledge to hold public and private officials to account, and in which leaders have integrity and high ethical standards.





Thank you

