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Pushbacks bordering on intimidation of officials working in the Auditor-General's office have re-emerged during the latest round of auditing government departments and entities.

This is according to Auditor-General Tsakani Mahuleke, following the release of her 2021/22 consolidated general report on national and provincial audit outcomes.

The report reveals that, of the 160 audited departments, only 47 had improved and 12 had regressed.

It also showed that 238 audits of public entities were finalised and 67 had improved, while 34 had regressed. By September 15, the cut-off date for audit outcomes to be concluded, 26 audits had not been finalised because 15 of these mostly state-owned enterprises (SOEs) had not submitted their financial statements, while six had submitted theirs late and the remaining five had been delayed.

The report said these auditees were responsible for an estimated expenditure budget of R2.58 trillion in 2021/22. It added that 128 auditees (56 departments and 72 public entities) had received a clean audit, but this represented only 6% of the expenditure budget.

However, the report noted that there had been a gradual upward trend since the previous administration's term had ended.

Overall, the report stated that 114 auditees now had better audit outcomes than they had had in 2018/19, with 46 having a worse outcome.

THREATS RETURNING

Mahuleke said they were beginning to experience some threats in certain areas in the audits that were currently underway, which were for municipalities and their entities. However, she added that they were dealing with it.

The audit report on municipalities and entities is expected to be released in June next year.

While there had been no threats to her staff at the height of the Covid-19 pandemic, Mahuleke said there were signs that these were imminent.

"On this report, we haven't seen those threats coming through. There are significant pushbacks which sometimes take the shape of intimidation, but we're able to live with that."

"It's good for people who're being audited to question the conclusion of our auditors and challenge our judgement or our technical assessment - but there are limits in the extent to which we're sharpening each other to arrive at the best conclusions," said Mahuleke.

These pushbacks, she said, had not been pervasive in the latest audit cycle and those that had arisen were able to be handled.

"Over the period of lockdown and remote working, we didn't see too much of that, but we're not

INTIMIDATION, threats RESURFACE AS AG BITES

State entities get **slightly better** results than in the Zuma years, but it's not all sunshine and roses

complacent and we remain vigilant in watching the space," she said.

OUTSTANDING AUDITS

In cases of outstanding audits, Mahuleke said they were not permitted to skip a year.

"If you look at the SA Airways Group, they've now submitted their old financials that were outstanding for a number of years. We're busy auditing them and will catch up, but we have to start where we last left off. At some point, somebody has to sit down to ensure that those financials are prepared, so we have to audit them," she explained.

Asked whether her team had found anything sinister in auditees failing to submit their financial and performance reports before the due date, Mahuleke said they had not, but said that some institutions had problems.

"Whether it's Denel, SA Express or entities in North West, they have a whole range of problems, many of them relating to financial health. However, I don't believe there's anything sinister in that," she said.

MATERIAL IRREGULARITIES

The report stated that material irregularities were implemented at 202 auditees in national and provincial governments - an increase from 95 in 2020/21.

"The selected auditees included all SOEs, departments and public entities that are key contributors to government priorities. They were responsible for 91% of the estimated expenditure budget of R2.58 trillion in 2021/22. We plan a further increase in 2022/23 to 430 auditees," the report stated.

It noted that there had been a shift in departments and public entities over the years, from a slow response to the Auditor-General's findings and recommendations to attention paid promptly to material irregularities and actions taken to resolve them.

“If you wait too long, the chances of recovering funds are [reduced]. That's a fact. The chances of holding those responsible accountable diminish because they'll leave

How departments and entities performed

Basic Education

The national basic education department received an unqualified audit outcome with findings - falling short of a clean audit. Here is how its provincial departments performed:

PROVINCE	AUDIT OUTCOME
North West	Outstanding
Eastern Cape	Qualified with findings
Limpopo	Qualified with findings
Free State	Unqualified with findings
Gauteng	Unqualified with findings
KwaZulu-Natal	Unqualified with findings
Mpumalanga	Unqualified with findings
Northern Cape	Unqualified with findings
Western Cape	Unqualified with findings

Health

The health department received a qualified audit outcome with findings. This is how its provinces and entities performed:

PROVINCE	AUDIT OUTCOME
Gauteng	Unqualified with findings
Mpumalanga	Unqualified with findings
North West	Unqualified with findings
Eastern Cape	Qualified with findings
Free State	Qualified with findings
KwaZulu-Natal	Qualified with findings
Limpopo	Qualified with findings
Northern Cape	Qualified with findings
National Health Laboratory Service	Outstanding
SA Health Products Regulatory Authority	Unqualified with findings

According to the report, by August, 179 material irregularities had been identified, but 13 of these had been resolved in the previous years, leaving 166 active. These reflected that departments and entities were most vulnerable to the loss, misuse and harm of assets and financial resources.

The report stated that the Auditor-General was evaluating responses to 34 material irregularities.

Of the 124 such irregularities, 14 had been resolved and appropriate action was being taken to resolve 91 matters.

In 19 cases where accounting officers and authorities had not appropriately addressed the material irregularities, the Auditor-General referred them to investigative state agencies such as the Hawks, the SA Police Service and the Special Investigating Unit.

REFERRED CASES

Mahuleke said referrals were made by her office because the accounting officers of the affected government institutions failed to do so.

"That's the design of the legislation and regulations. There are referrals that are made by accounting officers themselves. We expect accounting officers to do what they're supposed to do in law because the Public Finance Management Act is clear that the responsibility

Public Works

Public works and infrastructure received an unqualified audit with findings. Here is how provinces and entities performed:

PROVINCE	AUDIT OUTCOME
Eastern Cape	Unqualified with findings
Free State	Unqualified with findings
Gauteng	Unqualified with findings
KwaZulu-Natal	Unqualified with findings
Limpopo	Unqualified with findings
Mpumalanga	Unqualified with findings
Northern Cape	Unqualified with findings
Western Cape [includes transport]	Unqualified with no findings (clean)
North West	Qualified with findings
Construction Industry Development Board	Qualified with findings
Independent Development Trust	Qualified with findings
Property Management Trading Entity	Disclaimed

Irregular expenditure by province

PROVINCE	DISCLOSED IRREGULAR EXPENDITURE	2021/22 YEAR END CLOSING BALANCE
KwaZulu-Natal	R9.53bn	R54.31bn
Gauteng	R7.03bn	R41.09bn
North West	R3.75bn	R29.08bn
Mpumalanga	R2.69bn	R9.70bn
Free State	R2.42bn	R18.19bn
Limpopo	R2.12bn	R13.07bn
Northern Cape	R1.63bn	R19.75bn
Eastern Cape	R1.35bn	R7.48bn
Western Cape	R330m	R330bn

Source: AGSA
THELUNS KRUGER, Netwerk24 Graphics

lies with them. So, when we refer, it's because the accounting officer hasn't taken the appropriate action," she said.

'DON'T WAIT'

The accountability ecosystem in auditing, she said, required authorities to commit to taking strict action when things were going wrong.

"If you wait too long, the chances of recovering funds are [reduced]. That's a fact. The chances of holding those responsible accountable diminish because they'll leave," she said.

Mahuleke urged authorities not to wait too long before instituting disciplinary processes.

"The other thing that happens if you wait too long is that you're not only unable to recover funds that may have been lost, but it becomes more expensive to chase them. It's much better to do it as soon as you've identified the problem because that's how you start building a different culture in which people expect things that go wrong to be picked up and dealt with swiftly."

Swift action, she said, included reporting culprits to law enforcement, cancelling contracts and sorting out internal controls that had led to a problem was required.