CITIZENS REPORT

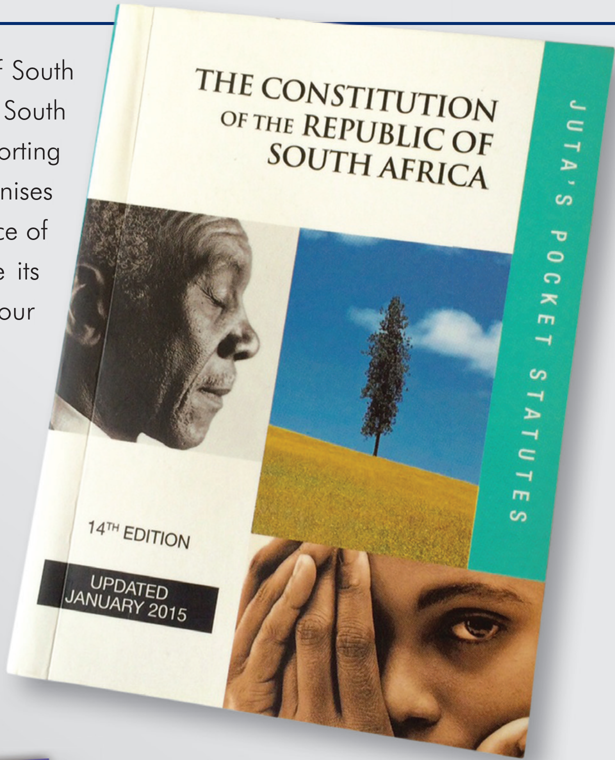
PFMA 2018-19

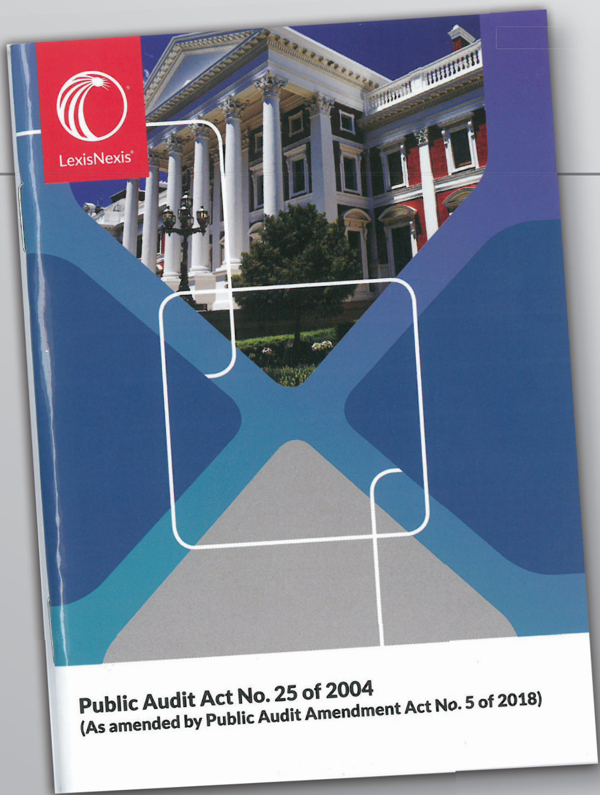
AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CONSTITUTIONAL AND LEGISLATIVE MANDATE OF THE AGSA

Chapter 9 of the Constitution of the Republic of South Africa, 1996 establishes the Auditor-General of South Africa as one of the state institutions supporting constitutional democracy. The constitution recognises the importance and guarantees the independence of the AGSA, stating that the AGSA must exercise its powers and perform its functions without fear, favour or prejudice.





The functions of the AGSA are described in section 188 of the constitution and further regulated in the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), which mandates the AGSA to perform constitutional and other functions.

WHAT THIS REPORT IS ABOUT

Dear fellow citizen

This is a report to you, as a citizen of South Africa, from the Auditor-General of South Africa (AGSA).

As the auditor of government's finances, the AGSA has a comprehensive view of public sector spending and considers it vital to share its insights so that the citizens of South Africa can see how government is spending taxpayers' money.

Government spending affects everyone in our country and it is in our best interest to know where the money comes from and how it is spent. In particular, citizens want to know how much is being spent, on what, by whom and, above all, whether the money is being spent responsibly or not.

In this document, you can read about the audit outcomes of national and provincial government departments and public entities for the 12 months from 1 April 2018 to 31 March 2019.

Apart from giving a broad overview of audit outcomes for this period, this report homes in on some key government programmes: education school infrastructure, district health services, the expanded public works programme, housing development finance and water infrastructure development. These programmes account for a huge slice of the annual budget and are enormously important in the lives of citizens.

In addition, the report looks at the financial performance of the nine provinces, as well as the governance, oversight and sustainability of some of the state-owned entities that play a critical role in the economy.

It is important to give credit where credit is due, and so this report mentions some of the national and provincial departments that have managed their finances with care and diligence – not just for one year but consistently over time.

The performance of these responsible spenders is in stark contrast with that of the government entities with the worst spending records, which are also mentioned in this report.

Every effort has been made to keep this report reader-friendly but using some auditing and financial management terms and words is unavoidable.

Some of the facts and figures in this report might make you wonder what you, as a citizen, can do to make sure government departments and public entities spend public money wisely. The answer is: there are a number of meaningful things you can do to hold government to account for its spending; turn to page 38 for details.

Readers might also be interested in reading about the extended powers that the AGSA has been given with effect from 1 April 2019, and how these extended powers could usher in a new era of accountability on public sector finances.

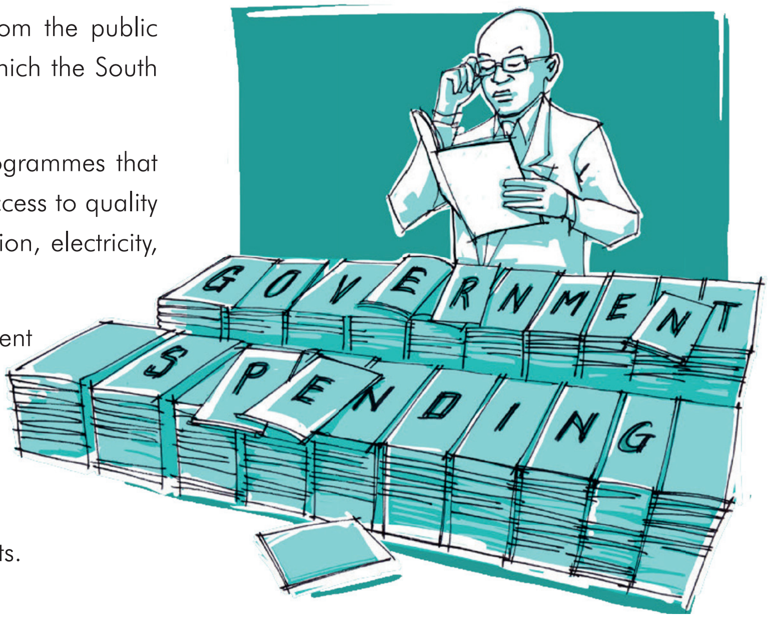
This report only offers an overview – the highlights and lowlights – of government finances in 2018-19. For a more detailed view of audit outcomes for the year, you can find the full *General report on national and provincial audit outcomes 2018-19* on the AGSA's website at www.agsa.co.za.

Knowledge is power, especially when we use it to take positive action.

Sincerely

Communication business unit

WHERE DOES THE MONEY COME FROM AND HOW IS IT SPENT?



The money that government spends comes from the public purse – from the taxes that citizens pay and which the South African Revenue Service (Sars) collects.

This tax money is intended to be spent on programmes that improve the quality of life of citizens through access to quality health services, education, clean water, sanitation, electricity, safe and reliable transport, and so on.

The amount of money available for government service delivery is limited, but the demand is huge, and ever-growing.

This means that the limited money available must be spent on the right things – on government's priority service delivery programmes and projects.

The following is a diagram that depicts where the money comes from and how it is spent, from the time Sars collects it from taxpayers to the time the AGSA audits and reports to Parliament on the performance information and compliance with legislation by government departments and public entities.

DIAGRAM 1

SECTION 1

THE ROLE OF THE AGSA

Once a year, we audit every national and provincial government department and some public entities, further referred to as auditees.

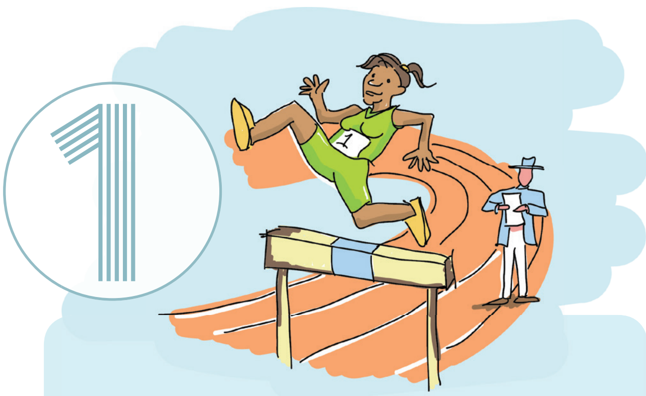
Our auditors go through the financial statements and performance reports to check the quality and to see if they have complied with key laws on financial and performance management (such as the Public Finance Management Act (PFMA)).

People sometimes ask why the AGSA itself does not take action against the wrongdoers if an audit shows that money was wasted, misused or not properly accounted for. The answer is that we have a mandate, which comes from the Constitution and the Public Audit Act (Act No. 25 of 2004)(PAA).

We do not prescribe what government ministers or heads of department should do with the audit findings.

When auditing the financial statements, our aim is to give an opinion on whether users of the statements can rely on them to give a full, accurate picture of their spending.

Here is a quick summary of the five audit opinions that the AGSA can give, from best to worst:

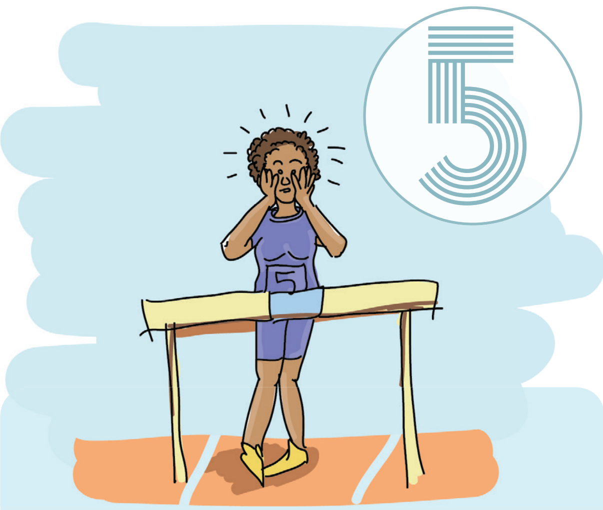


Financially unqualified opinion with no findings: The ideal – a clean audit – Everything has been done the way it should be. There are no material misstatements in the financial statements and the auditee has complied with the law and reported properly on its performance objectives. A clean audit means the money has been used ideally and for the intended purpose. A clean audit also confirms that those charged with service delivery have created a solid foundation for the delivery of services and finance are unlikely to be the cause for delayed service where things are going wrong.

Financially unqualified opinion with findings: Not bad, but not ideal – Here, the information in the financial statements is correct and complete, meaning there are no material misstatements. But there are 'material findings'; in other words problems with the auditee's performance reporting or non-compliance with the law, or both. This could compromise the auditee's accountability.

A financially qualified opinion with findings: The situation is worrying – The auditee did not manage and account for its finances to achieve the best results. The financial statements contain material misstatements about specific amounts, or there is insufficient evidence for the AGSA to conclude that the amounts are not materially misstated.

An adverse opinion with findings: Lots of problems everywhere – The auditee has not followed the correct rules and procedures and has not provided complete, correct information to account for its spending. There are a lot of material misstatements.



A disclaimed opinion with findings: The worst outcome – The finances are so badly managed that the auditee cannot even produce evidence (documentation) to support its financial statements.

Then there is a sixth category, **'outstanding audits'**, where financial statements were either submitted too late for the AGSA to audit or were not submitted at all. This category is considered as bad as a disclaimer.

6

THE THINGS WE LOOK AT ARE:

- Whether the financial statements fairly represent the key financial information for the financial year, using the correct reporting framework and in accordance with the law.
- Material misstatements (errors or omissions) that make it difficult to rely on the facts and figures in the financial statements.
- Whether the material errors or omissions could have been prevented or detected if a proper internal control system had been in place.

Sometimes, as you will read later in this report, an audit might show that public money has not been spent the way it should have been or the spender has not provided proper proof of how the money was spent. When this happens, the AGSA points out the problems in an audit report. After reporting on the findings, someone has to take responsibility for acting on our findings and recommendations.

These are the responsible people:

Senior management, including the chief financial officer, chief information officer and head of supply chain management, who are responsible for implementing internal controls.

Accounting officers or accounting authorities: in a department, this would be the director-general; in a public entity, this would be the chief executive officer. Their responsibilities include ensuring that steps are taken against officials who misspend public money. This is called 'effecting consequences'.

Executive authorities (ministers and members of the executive councils (MECs)): they have oversight and monitoring responsibilities, which include managing the performance of accounting officers (head of the department or chief executive officer).

IN AS FAR AS GOVERNMENT SPENDING IS CONCERNED THE AGSA MAY DO THE FOLLOWING:

- Check all public spending yearly by conducting audits of government departments' financial statements.
- Based on our audit findings, we give an opinion on how well or poorly the department concerned fared in the three areas listed on page 10.
- In addition to this, based on the amendments made to the PAA, the auditor-genaral may now do the following:
  - Refer a suspected material irregularity (MI) to a public body with a mandate and powers that are suitable to investigate suspected MIs of that nature. Authorities with requisite investigative capacity and skills include the Public Protector, Special Investigations Unit, the Hawks and several others. The public body would deal with the matter within its own legal mandate and take appropriate action where necessary.

    Or
  - Make recommendations in the audit report on how an MI should be addressed, within a stipulated period of time. If these recommendations have not been implemented by the stipulated date, the AG must take binding remedial action; and if the MI involves a financial loss, issue a directive to the accounting officer or accounting authority to quantify and recover the loss from the responsible person.
  - If the accounting officer or accounting authority fails to implement the remedial action, including a directive to quantify and recover a financial loss, the AG must issue a certificate of debt in the name of the relevant accounting officer or members of an accounting authority. It is the responsibility of the relevant executive authority such as a minister, MEC or a municipal council, to recover the loss from the accounting officer or authority.

When we audit the financial statements, we check three areas:

- Have all the facts and figures been included and are these correct and accurate? This is about making sure that the financial statements give a fair presentation of the department's finances and that there are no material misstatements. (A material misstatement means that important information is wrong or missing, which could mislead the user of the statements.)
- Did the department provide reliable and credible information on the things it was supposed to do during the year (known as performance objectives or pre-determined objectives)?
- Did the department comply with all the laws and regulations governing public finances? One of the most important of these laws is the PFMA, which sets out how departments must manage and report on their finances.

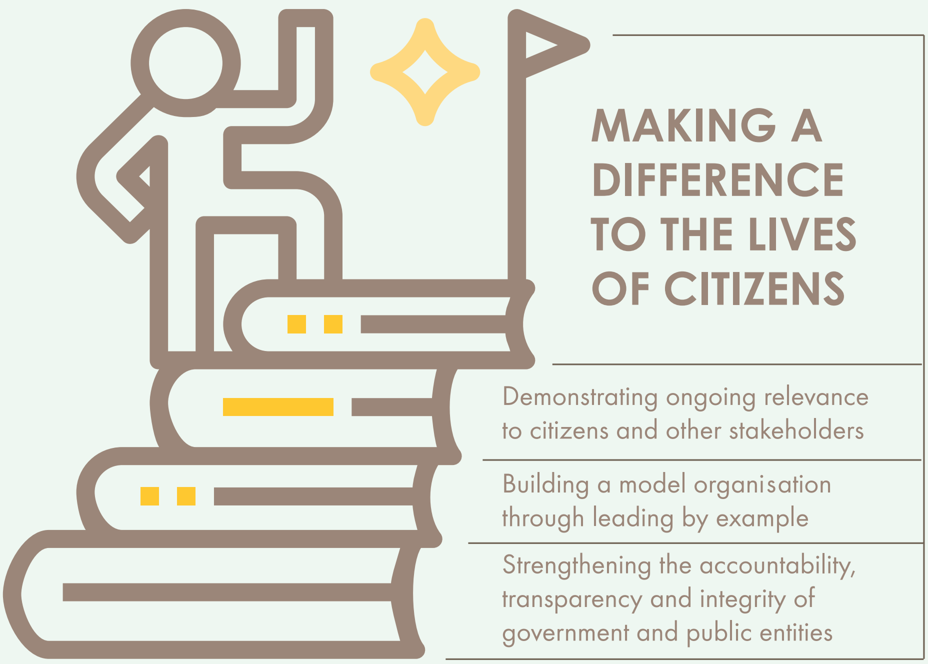
There are three kinds of problems that the auditors might flag about government spending. These are:

Unauthorised expenditure: spending that goes over budget or was not used for the purpose intended. This can be as a result of administration errors or accidents.

Irregular expenditure: spending that was incurred without complying with applicable legislation. This may be caused by procedures not being followed.

Fruitless and wasteful expenditure: pointless spending that could have been avoided. This can be simple things such as not paying suppliers in time and incurring interest.

HOW THE AGSA MAKES A DIFFERENCE



SECTION 2

GOVERNMENT SPENDING AND AUDIT OUTCOMES IN 2018-19

For the fifth consecutive year, the AGSA's annual audits at national and provincial government departments and public entities have produced audit outcomes that leave much to be desired.

The number of auditees producing quality financial statements fell to a five-year low, and so did the number considered to be in good financial health. Non-compliance with legislation was widespread, yet again. Very few departments and public entities took proper action to investigate irregular expenditure (where money is spent without the proper rules being followed).

Not surprisingly, then, there was a sharp increase in **irregular expenditure**, which shot up to R62,6 billion – almost R11 billion more than in the previous year. (Note that this did not include R57 billion in irregular expenditure reported by Transnet, Eskom and a number of other state-owned entities (SOEs) that the AGSA does not audit at this stage.)

Other major problem areas found in the AGSA's audits were **unauthorised spending** (especially overspending), which amounted to R1,37 billion, and fruitless and wasteful expenditure – money spent for nothing because of poor decision-making, neglect or inefficiencies.

During the year, R849 million was lost through **fruitless and wasteful expenditure** in government departments and public entities, bringing the five-year total since 2014-15 to R4,16 billion.

An indication of just how widespread fruitless and wasteful expenditure is in government is that it occurred at 223 departments and public entities in 2018-19.

This brief summary might leave readers feeling despondent about government's ability to improve its handling of taxpayers' money and, yes, there is cause for concern about the current low levels of accountability.

The **poor state of accountability** in the public sector can be attributed to three main root causes:

- Lack of consequences for poor performance or transgressions
- Instability and high vacancy rates in key positions
- A tendency not to implement the AGSA's recommendations about what needs to be done to improve internal controls and address risks

It is unfortunate that some auditees either are too slow to implement our recommendations or do not respond at all. These recommendations are practical and workable, and implementing them could go a long way towards improving government audit outcomes.

While poor audit results are bad news for citizens, there is reason to believe that South Africa might be reaching a turning point for accountability in public sector spending. The catalyst could be the expanded mandate given to the AGSA under the amended Public Audit Act, which came into effect on 1 April 2019. For the first time, the AGSA now has the ability to make binding findings and to insist that accounting officers take action.

An overview of the first steps taken to use these additional powers can be found in the next chapter, on pages 30 to 32. First, let us take a closer look at the latest audit outcomes of national and provincial government departments, as well as SOEs.

WHO SPENDS WHAT IN GOVERNMENT?

National and provincial government consists of 770 auditees. The departments with the biggest budgets were the national and provincial departments responsible for basic education, health and public works. When the AGSA analyses the national and provincial audit outcomes, we do not include the outcomes of 78 public entities audited by private auditors, 66 dormant public entities, two secret service auditees, one South African Revenue Service revenue account and 18 public entities with different audit cycles. We also do not include the audit outcomes of 173 public entities that are classified as small auditees based on the nature and size of their business.

The following is a summary of the audit outcomes of these 432 departments and public entities.

OVERALL AUDIT OUTCOMES TAKE A TURN FOR THE WORSE OVER FIVE YEARS

The AGSA's target for 2018-19 was to complete 432 audits of major provincial and national departments and public entities. However, because of delays encountered with 49 audits, only 383 audits were completed on time.

The main reasons for the delays in completing the 49 audits were:

- auditee delays in 15 cases
- financial statements submitted late (10 cases)
- financial statements not submitted (nine cases)
- material irregularity phased-in audits (eight cases)
- delay in the audit (seven cases).

Of the 383 audits that were completed on time, only 100 were 'clean audits'. This means only 100 auditees (26%) could show they had used the money allocated to them ideally and for the intended purpose.

Interestingly, not one SOE audited by the AGSA received a clean audit. Even the two that did manage this in the previous year went backwards, namely the South African Post Office and the Development Bank of Southern Africa.

Still, the tally of 100 clean audits in 2018-19 was slightly better than the 97 clean audits in the previous year, but worse than the 106 clean audits from five years ago in 2014-15.

ONE STEP FORWARD, ONE STEP BACK

On a positive note, **71** of the latest batch of clean audits were achieved at departments and public entities that had clean audits the previous year too.

There were also **29** new clean audits, showing that some auditees managed to improve their audit status.

On the other hand, 25 auditees lost their clean audit status. Mostly, these auditees took one step backwards, receiving unqualified audits with findings, which means their accountability could be compromised.

What was also worrying was the increase in financially qualified audits with findings – a poor outcome that indicates auditees did not manage and account for their finances to achieve the best results. A total of 86 departments and public entities received financially qualified audits in 2018-19. Although this is better than last year's 95 financially qualified audits, it is much worse than the 60 recorded in 2014-15.

Four auditees received adverse opinions with findings, indicating lots of problems everywhere. This was marginally better than the five adverse opinions of the previous year but worse than the situation five years ago, when there were only three.

What is more, 11 departments or public entities received the worst audit outcome, a disclaimer with findings. Again, this is better than last year's 27 disclaimers and better than the 15 disclaimers of five years ago. But the fact remains that the finances of 11 auditees are so badly managed they cannot even produce evidence to support their financial statements.

The bottom line of all this is that government's auditing outcomes are worse than they were five years ago, and there has been little or no year-on-year improvement. Evidence of this is that while 54 departments or entities managed to improve their audit outcomes in 2018-19, their gains were virtually wiped out by the 52 that slipped backwards.

OTHER CONCERNING TRENDS

Aside from the concerns around audit outcomes, the AGSA's audits for 2018-19 revealed a number of disconcerting trends:

Traditional authorities in the North West and Limpopo provinces are failing dismally to account for their spending. The last time financial statements were received from the North West Tribal and Trust Fund was 18 years ago, in 2000-01. That length of time stretches to 1994 for individual tribal authorities in the two provinces.

Legal action and claims against government departments are becoming more common, especially medical negligence claims against some provincial health departments and the national Department of Police. Such claims exceeded a staggering R100 billion at the end of 2018-19.

More departments and public entities are failing to pay their creditors within 30 days, partly because of poor internal controls, but also because they are in financial difficulty and lack cash to meet their obligations. By law, all government organisations are required to pay their creditors within 30 days, making the failure to do so one of the most common reasons for non-compliance with legislation.

Some departments have pre-spent their operating budgets of next year by between 10% and 39% and have already dug into the 2019-20 budget to make up their shortfall. National departments that pre-spent the most in the period 2019-20 include Home Affairs, Justice and Constitutional Development, Energy, and Higher Education and Training.

Many provincial health and education departments ended the year deep in the red, having significantly pre-spent their operating budgets of next year. Some of the worst off is the education departments in the Free State, which has already spent 82,3% of the 2019-20 budget, as well as the education departments in Mpumalanga and the Northern Cape, which have spent over 23% and 27% of their 2019-20 budgets, respectively.

Among the provincial health departments, only three have no or minimal overspending. They are the Western Cape, Limpopo and KwaZulu-Natal. All the rest have pre-spent their budgets by between 4,6% and 14,7%.

Only 28% of auditees are complying fully with legislation. This reflects a lack of controls in a number of areas, the most common ones being the poor quality of financial statements, supply chain management weaknesses and fruitless and wasteful expenditure not being prevented. Uncompetitive and unfair procurement processes are common.

Government contracts are still being awarded to employees – even though there has been a prohibition on government employees doing business with the state since August 2016. Contracts are also still being awarded to family members of employees without the required declarations of interest.

MANAGEMENT AND DELIVERY OF KEY PROGRAMMES

When the government spends public money wisely and for the purposes intended, it improves the lives of citizens and helps to make the country more competitive. In this part of the report, we take a brief look at the management and delivery of five key government programmes that use a major slice of the annual budget and have the potential to make an important difference in the lives of South Africans.

Education school infrastructure

By providing school infrastructure, the Department of Basic Education strives to improve the quality of teaching and learning. There are two main education infrastructure initiatives. One is the accelerated school infrastructure delivery initiative, which the national Department of Basic Education manages. It seeks to eradicate safety backlogs at schools without water, sanitation and electricity and to replace schools built with inappropriate materials such as mud and asbestos. The five-year budget for this programme amounted to R10,2 billion.

The other programme, this time run by the provincial departments of education, is the education infrastructure grant. The purpose of this grant is to accelerate the construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education. The five-year budget for the education infrastructure grant came to R48,2 billion.

The AGSA found a number of challenges with both initiatives, which underachieved against their targets:

- We tested 13 of the Department of Basic Education's accelerated projects and found that uncompetitive and unfair procurement processes had been followed with seven.
- For the provincial projects, poor internal controls led to the poor monitoring of projects, project delays and poor quality of work.
- In 2018-19, only the Western Cape and Mpumalanga had no audit findings on project monitoring, and only the Western Cape had no findings on project delays and project quality.
- Project delays were due to inefficiencies on the part of departments or contractors. These delays resulted in cost increases but no action was taken to address slow progress.
- Late payments to contractors exposed some departments to the risk of fruitless and wasteful expenditure because of interest, penalties and paying for standing time.
- Poor workmanship was evident at many provincial project sites that the AGSA visited. No action was taken to remedy this situation as departments were not doing proper monitoring.

District health services

The health services the AGSA focused on were the Department of Health's programmes for HIV and Aids and tuberculosis. These are intended to reduce the rate of mother-to-child transmission, increase the life expectancy of people living with HIV and reduce new infections.

In 2018-19, the HIV and Aids part of the programme had a budget of R20,4 billion, compared to R18 billion in the previous year. Some R19,6 billion went to the nine provinces to spend on three key priorities: antiretroviral treatment for patients, condom distribution and preventing mother-to-child transmission.

One of the biggest problems the AGSA encountered was with the accuracy of the data that departments reported. Because of significant deficiencies in their systems and the associated internal controls, the reported data was not reliable, which meant we could not confirm whether or not the sector had met its targets. All provinces except the Western Cape had material findings on the reliability of the indicators linked to the three priorities.

Expanded public works programme

Managed by the Department of Public Works, the expanded public works programme seeks to create work opportunities and provide training for unskilled, marginalised and unemployed people. The allocated five-year budget was R9,711 billion, of which the department spent 96%. It reported creating 4,5 million work opportunities over the five-year period against the target of 6,4 million work opportunities. However, the AGSA was not able to verify this as the various departments and municipalities that received expanded public works programme grants were not using standardised indicators to report on work opportunities created.

We found that the reported number of work opportunities created was not reliable as there was no consistency in reporting and reliable evidence was not produced in support of the numbers claimed.

Housing development finance

The aim of this programme, managed by the Department of Human Settlements, is to fund the delivery of housing and human settlements programmes, as well as to manage all matters related to improving access to housing finance and developing partnerships with the private sector.

The five-year budget allocation for this programme was R153 billion, allocated to national and provincial human settlements departments and municipalities. They spent 99,6% of this allocation and reported 84% of top structures completed and 87% of sites serviced.

The AGSA could not confirm the accuracy of the numbers reported as there was a lack of credible evidence. This was due to inadequate planning and monitoring.

During our site visits, we found in many cases that:

- contractors had done poor-quality work and there were no consequences for this
- poor project management pushed up costs and led to delays
- the average delay was 24 months
- there was a lack of participation from all relevant sector departments and stakeholders.

What is urgently needed is better, more coordinated planning and reporting across the sector, proper performance management and increased oversight to ensure accountability.

Water infrastructure development

The Department of Water and Sanitation's water infrastructure development programme is intended to develop, rehabilitate and refurbish raw water resources and water and sanitation services infrastructure. The budget for 2018-19 was R14,2 billion, 98% of which was spent.

The AGSA found three major financial challenges with this programme:

- The department engaged in projects that had no budgets or were not aligned with budgets, leading to budget overruns and underspending alike.
- There were high levels of irregular expenditure because money was spent on other projects such as the war on leaks and the bucket eradication programme.
- There was also fruitless and wasteful expenditure of around R71 million, mainly because of project delays.

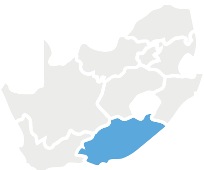
On a more positive note, the AGSA found that the performance information reported was useful and reliable. However, this was only after material adjustments were made to the annual performance report submitted for auditing.

AUDIT OUTCOMES IN THE PROVINCES

As in the previous year, audit outcomes in the nine provinces varied widely from province to province. The Western Cape continued to produce the most clean audits and to record the lowest irregular, as well as fruitless and wasteful, expenditure. At the other end of the scale, with no clean audits at all, is the Free State.

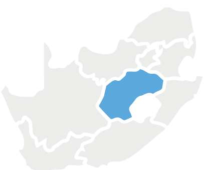
The following is a summary of the audit position per province, in alphabetical order.

Eastern Cape



The audit outcomes in the Eastern Cape have progressed since 2014-15 but greater effort is required for sustainability. The 2018-19 outcomes regressed slightly as a result of the slow pace of addressing the root causes of the findings the AGSA raises every year, in spite of commitments from accounting officers and authorities in this regard. The culture of non-compliance, especially in the area of supply chain management, continued as a result of the leadership's tolerance for deviations from the requirements. The province also continued to be plagued by weaknesses in the delivery of grant-funded projects. The AGSA again raised its concerns about the financial health of auditees in the province, especially the commitments by and claims against departments, which could have a negative impact on funding.

Free State



The audit outcomes improved overall, with five improvements against three regressions. There has been a notable effort towards reducing disclaimed and adverse opinions but the overall accountability in the Free State is still a concern. It is the only province with no clean audit and its financial health is in a very bad state, with 69% of the auditees requiring urgent intervention.

The Free State also has the highest unauthorised, as well as fruitless and wasteful, expenditure of all the provinces. A culture of no consequences prevails as consequences are not effected and the political leadership is involved in the decision-making at some auditees. The continued disregard for procurement processes resulted in irregular expenditure at all auditees and created an environment vulnerable to misappropriation, wastage and the abuse of state funds.

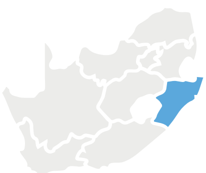
The AGSA's audits revealed poor planning, management and monitoring of infrastructure and other projects. The completion of these projects was often delayed, resulting in the quality of work being compromised and project costs being exceeded. This had a negative impact on the delivery of services, as funds were not always used effectively and efficiently to provide sustainable services.

Gauteng

A concerning trend has emerged in Gauteng. After years of obtaining 100% unqualified audit opinions, two of the province's auditees obtained disclaimed opinions. The number of clean audits decreased from 12 to seven. Irregular expenditure increased and the AGSA again reported deficiencies in the management and delivery of key projects in the province. Accounting officers and authorities did not respond timeously to the findings raised in prior years, especially on the need to strengthen the supply chain management processes and reporting on performance.

The financial health of auditees is improving, with 70% reporting good financial health. The AGSA was encouraged by the tone set by the premier upon engagement with the outcomes. Firm steps are already being taken to give collective provincial attention to the matters raised in the audit between the executive, accounting officers and oversight, with the audit office providing much-needed insight to address these weaknesses.

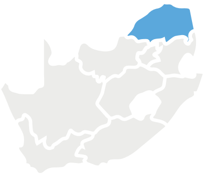
KwaZulu-Natal



Overall, the outcomes in KwaZulu-Natal remained unchanged, with three auditees improving and three regressing; there are now five clean audits. Progressing trends are visible in the province but greater effort is needed to trigger stronger outcomes.

At R12,4 billion, irregular expenditure is the highest of all the provinces and more than that of national government. Its closing balance of R41,9 billion is also the highest of all the provinces. This is despite the AGSA's ongoing recommendations to the leadership to take steps to avoid the abuse of supply chain management legislation. The outcome of audits of key projects and programmes in the province is also cause for concern, as it highlights poor management and ineffective delivery.

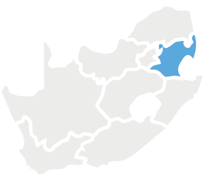
Limpopo



Three auditees improved and one regressed, translating into an improvement in audit outcomes. This is an encouraging trend, but more work needs to be done before we can say that the improvement in Limpopo is sustainable. To facilitate sustainable change, the lack of discipline in controls needs to be addressed and a decisive commitment must be made to effect consequences. The irregular expenditure increased to just over R2 billion as a result of widespread non-compliance with supply chain management legislation, fed by a blatant disregard for legislation and officials not being held accountable for these transgressions.

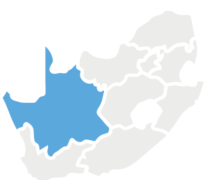
The AGSA again reported concerns about the lack of credible reporting on the performance of auditees, and identified that the grant intended for provincial road maintenance was not used for its intended purpose. Poor budgeting, in-year monitoring and cash-flow management affected the financial health of auditees.

Mpumalanga



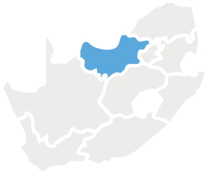
The province's audit outcomes regressed after an improvement in the previous year. The outcomes have been erratic over the past five years, with auditees not sustaining their outcomes as strong internal controls have not been institutionalised, resulting in unstable internal control environments. As in the other provinces, non-compliance (particularly relating to supply chain management) and poor management and delivery of key projects were common, and the AGSA has concerns about the impact of poor fiscal discipline on the province's financial health and service delivery. Mpumalanga's audit outcomes should be observed closely to see whether the leadership can effectively address the warning signals reported.

Northern Cape



Yet again, no major strides have been made in the outcomes in the Northern Cape. The audit outcomes regressed (two regressions and no improvements) as was the case in the previous year. The leadership remains slow to address the AGSA's continued calls for improved controls and consequences for transgressions and poor performance. The provincial leadership made numerous commitments in the past but the impact was minimal as very little was done to implement and monitor these.

North West



The premier has led by example in setting the tone for accountability in North West and this has been embraced by members of the executive council. This has resulted in a stagnation of the overall audit outcomes for the first time in four years. This is an indication of a turnaround which requires greater effort, and focus is required from the new political leadership to shift the audit outcomes in North West.

Following the intervention by the inter-ministerial task team to place five departments under administration during July 2018, certain improvements in the control environment of departments were noted and these should be sustained and replicated in the province. This encouraging trend and effort were not substantive enough to have an impact on the overall audit outcomes. We urge the new political leadership, together with the inter-ministerial task team, to continue setting the right tone for accountability and consequences, including efforts to fully restore governance in the province.

The irregular expenditure remained high at R3,2 billion and the closing balance was one of the highest of the provinces, at R18,8 billion. The premier, with the support of the inter-ministerial task team, identified 46 cases of theft, fraud and corruption amounting to R2,5 billion. These were handed over to the Priority Crime Inspectorate for investigation, and some of the irregular contracts identified in prior years were cancelled.

The AGSA identified various instances of infrastructure project failures owing to poor project management, inadequate monitoring of project deliverables and a lack of coordination.

Western Cape

The province continued to produce the best results, with 79% clean audits and the lowest irregular, and fruitless and wasteful, expenditure. At 74%, the province also had the highest number of auditees with a good financial health status and there were no auditees with unauthorised expenditure.

Over the past five years, there has been a solid and consistent pattern of good audit outcomes in the Western Cape, which can be attributed to the provincial leadership and accounting officers and authorities instilling a culture of accountability and good governance, and implementing initiatives to strengthen this culture in a deliberate manner. The AGSA wants to emphasise that this province should not risk being lulled into a false sense of comfort. Sustainable controls are a regular and permanent feature of operations and should always be closely monitored with strong preventative controls. This will allow the province to venture into other innovative areas to expand and sustain delivery of services.

IRREGULAR SPENDING: THE 10 POOREST PERFORMERS OF THE YEAR

Irregular expenditure rose sharply in 2018-19, up from R51 billion to R62,6 billion. Most of this was as a result of money spent without following the correct rules when buying goods and services or awarding and managing contracts.

The 10 departments in the table below together spent R23,6 billion irregularly, accounting for 55% of the total irregular expenditure disclosed in 2018-19. All of them have also incurred irregular expenditure for the past three years

Who?	How much?	On what?
Health (KZN)	R4,5 billion disclosed (66% incurred in 2018-19)	Non-compliance relating to contract management
Transport (KZN)	R4,15 billion disclosed (82% incurred in 2018-19)	Non-compliance relating to contract management and failure to follow competitive bidding or quotation processes
Water and Sanitation	R3,13 billion disclosed (59% incurred in 2018-19)	Non-compliance relating to contract management and other procurement processes
Health (GP)	R2,9 billion disclosed (80% incurred in 2018-19)	Competitive bidding processes not followed
Roads and Transport (GP)	R2,3 billion disclosed (100% incurred in 2018-19)	Non-compliance with other procurement processes
Education (KZN)	R1,9 billion disclosed (100% incurred in 2018-19)	Competitive bidding processes not followed
Health (NW)	R1,2 billion disclosed (100% incurred in 2018-19)	Non-compliance with other procurement processes
Human Settlements (MP)	R1,2 billion disclosed (100% incurred in 2018-19)	Non-compliance with other procurement processes
Education (GP)	R1,17 billion disclosed (97% incurred in 2018-19)	Non-compliance with other procurement processes
Police	R1,16 billion	Competitive bidding processes not followed

UNAUTHORISED SPENDING: THE 10 POOREST PERFORMERS OF THE YEAR

Auditees disclosed R1,65 billion in unauthorised expenditure, which was lower than the previous year's figure of R2,13 billion. Most of the unauthorised expenditure was due to overspending and the rest to money spent on things other than the intended purpose.

The next table lists the 10 biggest contributors to unauthorised spending in 2018-19. .

Who?	How much?	Where was the overspending?
Health (EC)	R569 million	District, provincial and central health services
Education (FS)	R280 million	Employee cost
Police, Roads and Transport (FS)	R203 million	Administration, transport services and transport regulations
Office of the Premier (FS)	R135 million	Institutional development and policy governance
Statistics South Africa	R57 million	Employee compensation
Transport, Safety and Liaison (NC)	R27 million	Administration and civilian oversight
Health (NW)	R22 million	District health services (property payments)
Education (NC)	R19 million	Public schools
Health (KZN)	R14 million	Hospital services
Provincial Legislature (NW)	R13 million	Legislature operations

FRUITLESS AND WASTEFUL SPENDING: THE 10 POOREST PERFORMERS OF THE YEAR

Fruitless and wasteful expenditure of R1,61 billion was disclosed, compared to R2,56 billion in the previous year. The 10 worst culprits of 2018-19 are listed in the next table. Together, they lost R598 million.

Who?	How much?	How was the money wasted?
Energy	R110 million	Storage costs for solar water heaters that suppliers manufactured and stored after the agreed storage period
Health (FS)	R101 million	Idle time, settlement fees and overpayments on capital projects
South African Social Security Agency	R78 million	Payments for work not done
Water and Sanitation	R60 million	Interest on late payment of supplier invoices
Roads and Transport (GP)	R59 million	Litigation and claims
South African Post Office	R56 million	Interest and penalties
Local Government and Human Settlements (NW)	R50 million	Cost of demolishing and rebuilding poor-quality housing
Free State Development Corporation	R32 million	Interest and penalties for late payments to municipalities and South African Revenue Service
Health (GP)	R27 million	Interest on late payments
Higher Education and Training	R25 million	Fraudulent payments to community education and training employees

100 CLEAN AUDITS

The 100 organisations that earned clean audits in 2018-19 consisted of 14 national departments, 26 provincial departments, 46 national public entities and 14 provincial public entities. They are as follows:.

NATIONAL

Civilian Secretariat for Police
Department of Mineral Resources
Department of Planning, Monitoring and Evaluation
Department of Public Enterprises
Department of Science and Technology
Department of Sport and Recreation South Africa
Department of Trade and Industry
Department of Traditional Affairs
Economic Development Department
Government Communication and Information Systems
National School of Government
Office of the Chief Justice
Parliament of the Republic of South Africa
Statistics South Africa

African Renaissance and International Cooperation Fund
Companies and Intellectual Property Commission
Competition Commission
Construction Education and Training Authority
Council for Geoscience
Council for Scientific and Industrial Research
Cross-Border Road Transport Agency
Deeds Registration Trading Account
Elangeni TVET College
False Bay TVET College
Fibre Processing Manufacturing SETA
Film and Publication Board
Financial Sector Conduct Authority
Food and Beverages Manufacturing Industry SETA
Guardians Fund
Independent Regulatory Board for Auditors
Insurance SETA
International Trade Administration Commission
Land Bank Insurance
Legal Aid South Africa
Maluti TVET College
Medical Research Council of South Africa
Municipal Demarcation Board
Municipal Infrastructure Support Agency
National Credit Regulator
National Energy Regulator of South Africa
National Gambling Board
National Lotteries Commission
National Lottery Distribution Trust Fund
National Youth Development Agency
Northlink TVET College
Office of the Pension Funds Adjudicator
Private Security Industry Regulatory Authority
Public Service SETA
Quality Council for Trades and Occupations
Road Traffic Infringement Agency
Road Traffic Management Corporation
Safety and Security SETA
Small Enterprise Development Agency
South African Heritage Resources Agency
South African Local Government Association
South African Qualifications Authority
South Cape TVET College
Special Investigating Unit
Third Party Funds
West Coast TVET College

SETA = Sector Education and Training Authority

PROVINCIAL

Province	Type	Auditees
EASTERN CAPE	DP	Provincial Legislature Provincial Treasury Safety and Liaison
	PE	East London Industrial Development Zone Eastern Cape Parks and Tourism Agency
FREE STATE		No auditee in the Free State achieved a clean audit
GAUTENG	DP	Cooperative Governance and Traditional Affairs Office of the Premier Provincial Treasury
	PE	Gauteng Growth and Development Agency Gauteng Partnership Fund Gautrain Management Agency Supplier Park Development Company
KWAZULU-NATAL	DP	Provincial Treasury Social Development
	PE	Dube TradePort Company KZN Housing Fund Traditional Levies and Trust Account
LIMPOPO	DP	Community Safety Provincial Treasury
MPUMALANGA	DP	Cooperative Governance and Traditional Affairs Provincial Treasury
	PE	Mpumalanga Economic Regulator
NORTHERN CAPE	DP	Office of the Premier Provincial Treasury
NORTH WEST	DP	Provincial Treasury
WESTERN CAPE	DP	Community Safety Cultural Affairs and Sport Economic Development and Tourism Environmental Affairs and Development Planning Health Human Settlements Local Government Office of the Premier Provincial Parliament Provincial Treasury Transport and Public Works
	PE	Government Motor Transport Saldanha Bay IDZ Licencing Company Western Cape Nature Conservation Board Western Cape Tourism, Trade and Investment Promotion Agency

DP = DEPARTMENT PE = PUBLIC ENTITY

To access the content of this report on our website, simply use the **QR code scanner** on your mobile phone or tablet to scan the code.

ANNEXURES

The annexures containing information on the following are available on **www.agsa.co.za** (our website):

- **Annexure 1**: Auditees' audit outcomes; areas qualified; and findings on predetermined objectives, non-compliance, specific risk areas and unauthorised, irregular as well as fruitless and wasteful expenditure
- **Annexure 2**: Auditees' financial health indicators, supply chain management findings and root causes
- **Annexure 3**: Auditees' audit opinions over the past five years
- **Annexure 4**: Assessment of auditees' key controls at the time of the audit (per audit outcome)

The QR code can also be scanned for easy access to the annexures.

SECTION 3

SIGNS OF CHANGE AT LAST AS EXTENDED POWERS TAKE EFFECT

The largely poor audit outcomes for national and provincial government audits in 2018-19 demonstrate, yet again, that the accountability mechanisms employed in the public sector have not been working as they should. This state of affairs, clearly discernible across the past five years, prompted repeated calls for more to be done, particularly by the AGSA.

More is indeed being done. On 1 April 2019, the amended Public Audit Act came into effect. The amended PAA gives the AGSA the mandate to report on material irregularities detected during our audits and to take further action if accounting officers and authorities do not deal appropriately with these irregularities.

In these circumstances, there are three sets of steps the AGSA can take to ensure that unaddressed material irregularities are acted on.

We can:

Refer the matter to a public body to investigate or include recommendations in the audit report concerned on what should be done to address the matter.

Take binding remedial action if our recommendations are not acted upon.

In certain circumstances, **recover the money** lost from accounting officers or authorities that did not implement the remedial actions.

The AGSA is rolling out the implementation of our extended powers in phases. The first phase started on 1 April 2019, when we began to implement the material irregularity process at 16 selected auditees in national and provincial government. This entailed conducting material irregularity audits, focusing on non-compliance with legislation that resulted in or is likely to result in a material financial loss.

While the accounting officers and authorities responsible for these entities may initially have been apprehensive about the process, they responded positively and most took immediate and appropriate steps to address the material irregularities we had reported.

Here are some of the key facts and figures from this first phase:

- Twelve of the 16 material irregularity audits were completed according to schedule.
- In the course of these audits, the AGSA identified a total of 28 material irregularities at eight of the auditees.
- The most material irregularities (10) were identified at the Free State department of human settlements.

This was followed by the nine material irregularities at the Passenger Rail Agency of South Africa (Prasa).

- Two irregularities each were identified at the Department of Water and Sanitation, the Gauteng health department and the Northern Cape health department.
- One material irregularity was found at the KwaZulu-Natal health department, one at the Department of Basic Education and one at the Limpopo education department.
- The 28 material irregularities identified had resulted in a total combined loss of R2,81 billion.
- R2,2 billion was the amount expected to be lost as a result of irregularities in the purchase of locomotives by Prasa.

The AGSA analysed the 28 material irregularities and found that there were five main types of irregularities:

- Unfair or uncompetitive procurement processes resulting in the **overpricing of goods and services received**
  11 irregularities
- Suppliers that **could not deliver were appointed**
  1 irregularity
- Payments were made for **goods or services that were not received**
  11 irregularities
- Payments were made for goods and services that **were not of the right quality**
  2 irregularities
- Invoices were not paid on time, **resulting in interest or standing time costs**
  3 irregularities

In some of these cases, there were most definitely indicators of fraud, which have been (or will still be) uncovered by further investigations.

On identifying the 28 material irregularities, the AGSA notified the accounting officers and authorities of the auditees concerned and they had been given 20 days to respond. It must be emphasised that some had already started taking action before they were even notified.

In fact, at the time of preparing this report, the accounting officers were taking action to address 25 of the material irregularities identified.

For example:

The state attorney has initiated recovery processes against the suppliers involved in the 10 material irregularities identified at the Free State human settlements department. The department is conducting investigations to identify the officials behind the irregularities so that the necessary disciplinary action can be taken.

In the case of Prasa, the board has committed to initiate independent investigations into the material irregularities. Based on the outcome, disciplinary, financial recovery, criminal and civil steps will be taken.

In two other cases, the AGSA reported the material irregularities in the auditees' audit reports.

However, one material irregularity at Prasa, involving an irregularity that resulted in a R2,2 billion loss, was referred to the Directorate for Priority Crime Investigation as long ago as 2015 (before the AGSA's involvement). Nothing has come of this yet. In cases like these, it will be up to the executive authorities and committees in Parliament and the legislatures to monitor the progress of the ongoing investigation and hold the institutions concerned accountable.

As the AGSA continues on the journey to implement the material irregularity process, we hope to see a definite move towards the prevention of material irregularities. This will be to the benefit of public sector financial management, the reputation and service delivery of government, and the lives and wellbeing of South Africans.

Preventing material irregularities is more effective than having to deal with the consequences.

STATE-OWNED ENTITIES NEED URGENT ATTENTION

South Africans are well aware that many of the country's state-owned entities (commonly known as SOEs) are in deep financial trouble. Reports of their poor financial state and governance failures continue to make media headlines and it is common knowledge that some of these SOEs are still operating only because of the multibillion rand 'bailouts' they have received from government (using taxpayers' money).

These entities play an enormously important role in the South African economy and so the AGSA has been taking an increasingly close interest in their financial affairs. In more and more cases, we have been 'taking back' the audits of high-risk SOEs that were previously audited by private firms.

There are 21 major SOEs in South Africa and five years ago, the AGSA was only auditing eight of them. That number has since risen to 14, meaning we are now auditing 67% of the major SOEs. Six SOEs are still audited by private firms, using criteria and methods set by the AGSA.

In this section of the report, we take a closer look at the audit outcomes of 20 of the 21 major SOEs. (Telkom is excluded from this analysis as its audit does not fall under the AGSA's mandate.)

WORST OVERALL AUDIT OUTCOMES YET

Collectively, the combined total expenditure of the 20 SOEs in 2018-19 is estimated at R347 billion.

The overall audit outcomes of the 20 major SOEs were the worst they have ever been – even though all the SOEs had turnaround plans in place. These plans were ineffectual because of the executive and management leadership instability at the SOEs, most of which had extremely weak monitoring and oversight of key controls.

Here are some of the most disappointing aspects of the latest audit outcomes:

- Not one of the SOEs received a clean audit for the year.

- Both of the SOEs with clean audits in the previous year lost their clean audit status. They are the Development Bank of Southern Africa and the Industrial Development Corporation.

- Three of the SOEs had not submitted their financial statements by the cut-off date of 30 September 2019. They are the South African Airways group, the Trans-Caledon Tunnel Authority and the South African Nuclear Energy Corporation and one of its subsidiaries, Pelchem.

- Twelve of the 17 SOEs that did submit their financial statements on time submitted poor-quality statements.

- Material (serious) non-compliance with legislation was rife, affecting 94% of the SOEs and their subsidiaries. The main problems were the poor quality of financial statements, weak supply chain management and inactivity in preventing irregular, and fruitless and wasteful expenditure.

- The SOEs reported record levels of irregular expenditure; R58 billion compared to R30 billion in 2017-18. This increase can be attributed to the drive to clean up irregularities in previous years (meaning the irregularities were disclosed in the latest audit cycle).

- Transnet, Eskom, the SABC, Acsa and Denel were the top five contributors to the increase in irregular expenditure.

Here are the audit outcomes of the 14 SOEs audited by the AGSA:

Airports Company South Africa (Acsa) – unqualified audit opinion with findings for five years in a row.

Armaments Corporation of South Africa (Armscor) – unqualified audit opinion with findings for two years in a row; previously, Armscor had three consecutive clean audits.

Central Energy Fund – unqualified audit opinion with findings for five years in a row.

Denel – disclaimed with findings (the worst audit outcome) for the past two years.

Development Bank of Southern Africa (DBSA) – lost its clean audit status of the previous four years, receiving an unqualified audit opinion with findings.

Independent Development Trust (IDT) – unqualified audit opinion with findings; this was an improvement on the four consecutive disclaimers of previous years.

Land and Agricultural Development Bank of South Africa (Land Bank) – unqualified audit opinion with findings for the past four years; before that, the Land Bank had a clean audit.

South African Airways (SAA) – no audit outcome for the past two years as SAA did not submit its financial statements for auditing.

South African Broadcasting Corporation (SABC) – qualified with findings; this is an improvement on the previous year's disclaimer.

South African Express Airways (SAX) – disclaimed with findings for three years in a row.

South African Forestry Company (Safcol) – qualified with findings for three years in a row.

South African Nuclear Energy Corporation (Necsa) – no audit outcome for 2018-19 as Necsa did not submit financial statements on time; the previous year, it received the worst audit outcome, a disclaimer.

South African Post Office (Sapo) – slipped back into a qualified with findings audit opinion, after the previous year's outcome of unqualified with findings.

Trans-Caledon Tunnel Authority (TCTA) – no audit outcome as it submitted its financial statements late.

Here are the audit outcomes of the six SOEs audited by private firms:

Air Traffic and Navigation Services (ATNS) – unqualified audit opinion with findings, which was an improvement on two consecutive years of qualified opinions.

Alexkor – received the worst audit outcome, a disclaimer, after four years of an unqualified opinion with findings.

Broadband Infraco (BBI) – unqualified with findings for the third year in a row.

Eskom – qualified with findings for the third consecutive year.

Industrial Development Corporation (IDC) – lost its clean audit status, which it had for four straight years, and received an unqualified opinion with one material non-compliance finding.

Transnet – for the second year in a row, qualified with findings.

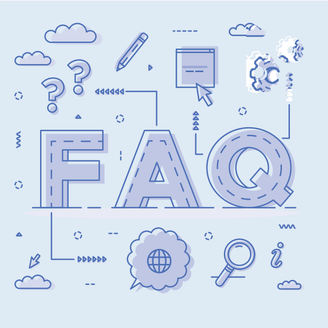
HOW TO GET SOEs BACK ON TRACK

The AGSA has identified four main root causes of the regression in overall audit outcomes of SOEs. These were weak internal control environments, instability in senior management positions, failure to implement action plans to address weaknesses, and inadequate compliance management.

We believe the following 'SOE' formula could get these entities back on track:

Stabilise leadership + **O**perationalise action plans + **E**valuate periodically

FREQUENTLY ASKED QUESTIONS



Q. What is the extended mandate of the Auditor-General South Africa?

A: The AG has the power to:

- refer material irregularities to the relevant bodies for further investigation in accordance with their mandate
- take binding remedial action for failure to implement the AG's recommendations regarding material irregularities.
- issue a certificate of debt for failure to implement the remedial action if financial loss was involved.

Q. What is a material irregularity?

A: A material irregularity (MI) is any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under the Public Audit Act (PAA) which resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public.

Q. What process will be followed when material irregularities are identified during an audit?

A:

- Identify the MI during the 2018-19 audit.
- Notify the accounting officer or accounting authority (AO/AA) of the MI and provide 20 working days to respond on actions taken and planned (regulation 3(2)).
- Conclude based on AO/AA response whether appropriate action was taken or is planned.
- If actions were not appropriate, include recommendations in the audit report on how the MI should be addressed by a specific date (e.g. within 6 months) (regulation 4(3)).
- Follow up to determine whether the recommendations have been implemented. If not, issue notice for remedial action to the AO/AA, which must be implemented by a specific date (e.g. within 3 months) (regulation 9(1)).

Q. How will the referral process work?

A:

- Identify appropriate body and submit referral and supporting documents.
- Receive acknowledgement of receipt and an indication of whether referral is accepted, with a commencement date.
- Notify AO/AA and executive authority of referral.
- Receive progress updates from public body.
- Receive report on outcome of investigation.
- Public body publishes the report or findings.

Q. How long is the referral process?

A: The PAA does not prescribe specific timelines within which the public bodies must conduct the investigations referred to them by the AG. The duration of an investigation depends on a number of factors. Each investigation must be assessed on its own merits by considering, among others, the following: the nature and extent of allegations; scope of the investigation (i.e. if allegations relate to multiple periods); complexity of matters to be investigated; and availability of information and systems. Therefore, the duration of a referred investigation cannot be determined by following a blanket, one-size-fits-all approach.

Q. When does the AGSA issue remedial actions?

A: The remedial action is triggered by the lack of implementation of the recommendations included in the audit reports.

Q. What process will be followed when issuing a certificate of debt?

A:

- Determine financial loss if not determined or inaccurately determined by the AO/AA and notify the AO or individual members of the AA who had failed to implement remedial actions of the intent to issue a certificate of debt (CoD) and request written representation within 20 days.
- Receive written representation and assess whether the AG should continue with CoD.
- Notify the AO or individual members of the AA of the intent to issue a CoD and invite to make an oral presentation to the advisory committee (an external independent committee) by the stipulated date.
- Receive recommendations from advisory committee, consider the recommendations, make a decision and inform the AO or individual members of the AA accordingly.
- Serve CoD on the AO or individual members of the AA in a prescribed form, signed by AG, and present a copy thereof on executive authority, which should recover the debt and provide feedback on progress.

Q. What is the difference between a material irregularity and irregular expenditure?

A:

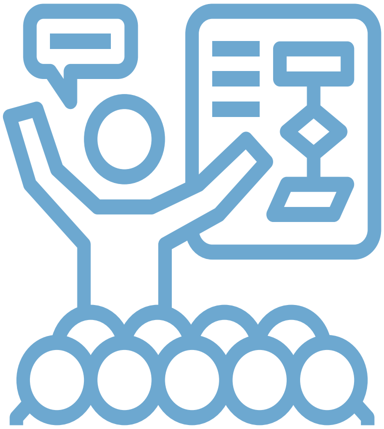
- Irregular expenditure is expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation.
- An MI is any non-compliance with, or contravention of legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under the PAA which resulted in, or is likely to result in, a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public.

Q. Is the certificate of debt issued to the accounting officer for payment using public funds?

A: No, the amount on the certificate of debt will be paid by the AO in his/her personal capacity using his/her own funds. The money is paid to the state and will become available to spend on matters that benefit the public.

Q. What is the role of the minister after the certificate of debt has been issued to the accounting officer?

A: Section 5B(2) of the PAA provides that the responsible minister must collect the amount specified in the certificate of debt from the AO in terms of the applicable debt recovery processes. Therefore, the role of the minister is to collect the money and to keep the AG informed of the recovery progress. It is important to note that the responsible minister's efforts to collect the money will be monitored and reported to Parliament. This is done in the AGSA's general reports and annual reports. Regulation 20 of the MI Regulations deals in detail with the collection of the amount specified in the certificate of debt.



WAYS FOR CITIZENS TO PARTICIPATE ACTIVELY

When government spending is irregular, unauthorised or fruitless and wasteful, it is citizens' tax money that is being misused.

If you – as a taxpaying citizen of South Africa – are unhappy with the way any government department or public entity is spending public funds, you have the right and the power to speak up and demand accountability to ensure that public funds are utilised responsibly.

Here are a few suggestions about what you can do:

Attend and ask questions during Parliament's public meetings such as Taking Parliament to the People (TPTTP). TPTTP is run by the National Council of Provinces and is held in a different province every year. It includes public meetings where citizens can talk about their experiences of government service delivery and related matters.

Get involved in provincial legislature meetings where discussions on provincial strategic plans, annual performance plans, budgets and annual reports take place.

Write petition letters requesting the legislature in your province to ensure that the provincial departments spend public money properly and that action is taken against those who do not. Each provincial legislature has a petitions office that receives and processes petition letters from members of the public.

Participate at local government level by attending ward committee meetings.

Participate in civil society or community-based organisations' meetings.

Participate in the integrated development plan consultation meetings in your region and engage with your municipality's leadership on service delivery issues and infrastructure developments and service delivery plans for your ward.

PRODUCTS OF THE AGSA

The AGSA annually produces audit reports on all government departments, public entities, municipalities and municipal entities.

Over and above these entity specific reports, the audit outcomes are analysed in the general reports that cover both the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) cycles.

The AGSA tables reports to the legislature with a direct interest in the audit, namely Parliament, provincial legislature or municipal councils. The reports are then used in accordance with their own rules and procedures for oversight.

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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