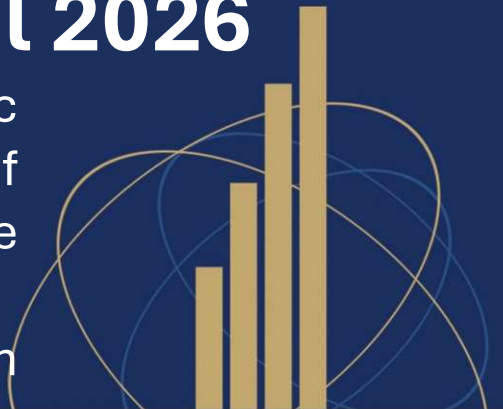




**22 April 2026**

**Credible Performance Reporting in the Public  
Sector: Strengthening the Second Line of  
Defence for Integrated Assurance**

**Panel Discussion**



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**Thobelani M Ntshingila**  
EC Provincial Treasury

SAQA Recognised Professional Body

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# Reporting Culture

- Reporting Culture is important in relation to:

## NB:

- Auditor-General of South Africa;
- Public Finance Management Act;
- Municipal Finance Management Act;
- King IV Governance Principles
- National Treasury Frameworks

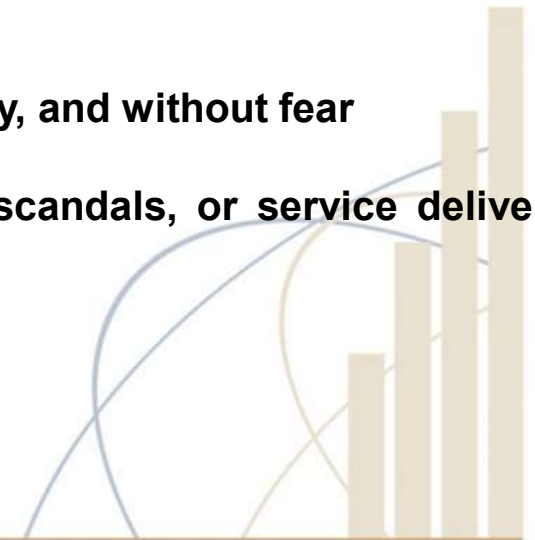
## AGSA often highlights:

- Poor record keeping;
- Late Reporting;
- Inaccurate Reporting;
- No Consequence Management.
- Repeat Audit Findings

- These are **Reporting Culture Problems** and not just audit problems.
- Credible performance reporting in the public sector requires **moving beyond mere compliance to a robust, integrated assurance model** where the second line of defence (risk management and compliance functions) proactively monitors and validates performance data before external audit.
- Strengthening this second line is critical to reducing reliance on third-line audits (Auditor-General) to detect errors in service delivery reporting.

# Reporting Culture

- Reporting Culture within integrated assurance is a key factor in whether public institutions actually perform well or just appear compliant on paper.
- In high performing public institutions, reporting is not just about submitting reports – it is about **transparency, accountability, risk management, and decision making.**
- There needs to be an environment where employees feel responsible, safe, and expected to report:
  - Risks
  - Errors
  - Fraud
  - Poor Performance
  - Non-Compliance
  - Service delivery failures
  - Financial irregularities
  - Ethical concerns
- A strong reporting culture means – **people report problems early, honestly, and without fear**
- A weak reporting culture means – **Problems are hidden until audits, scandals, or service delivery collapse.**



# Integrated Assurance Context



# Integrated Assurance Context

- In Integrated Assurance, reporting feeds all assurance providers:

Line of Assurance	Role	Depends on reporting
Management	Internal Controls	Incident reports, Performance reports
Risk Management	Risk registers	Risk reporting
Compliance	Laws and Policies	Compliance reporting
Internal Audit	Assurance reviews	Control failure reports
External Audit	Independent opinion	Financial and Performance reports
Audit Committee	Oversight	All assurance reports

- **If reporting culture is poor then integrated assurance fails.**



# Characteristics of a strong reporting culture



# Characteristics of a Strong Reporting Culture

- High performing institutions have:

## No Fear Reporting Environment:

- Employees can report without fear of punishment or victimisation
  - Fraud;
  - Mistakes;
  - Control failures;
  - Wasteful expenditure
  - Service delivery issues
- This is often supported by:
  - Whistleblowing policy
  - Anonymous reporting hotline
  - Ethics policy

## Early Reporting Culture:

- Problems are reported early and not when the AGSA arrives.
- Example:
  - Control not working – Report immediately
  - Budget overspending – Report early
  - Project delays – Report early
  - System failure – Report early
- Early reporting = problems can be fixed.
- Late reporting = audit findings

## Accurate reporting (Not “Greenwashing” reports):

- In poor institutions, reports are always:
  - Green
  - On track
  - No risks
  - No issues
- But audit findings are high
- High-performing institutions report:
  - Real risks
  - Real challenges
  - Real delays
  - Real financial risks
- Honest reporting improves performance**

## Reporting linked to Accountability

- Assign responsibility for reports:
- Reports are reviewed:
- Issues are tracked:
- Action plans are monitored;
- Repeat findings are investigated

Reporting must lead to **action**, not just filing documents

# Characteristics of a Strong Reporting Culture

- **Integrated assurance cannot work without a strong reporting culture.**
- Think of it like this:

If reporting culture is weak	If reporting culture is strong
Problems Hidden	Problems reported early
Surprise Audit findings	Few audit findings
Irregular expenditure discovered late	IE Prevented early
Poor service delivery	Issues fixed early
Risk management ineffective	Risk management proactive
Internal audit findings high	Internal audit confirms controls are working
External audit qualification	External audit clean

# Building a Strong Reporting Culture



# Building a Strong Reporting Culture

- High-Performing public institutions build reporting culture by ensuring:

Leadership encourages transparency

No punishment for honest mistakes

Fraud and misconduct punished

Anonymous reporting channels exist

Monthly risk reporting

Quarterly performance reporting

Incident reporting system

Audit findings tracking system

Consequence management

Tone at the top (ethical leadership)

# Building a Strong Reporting Culture

- To enhance credibility, public sector entities must strengthen the second line through:

## Embedding Risk Assessment

- Linking performance reporting directly to a comprehensive risk register, ensure key service delivery risks are monitored

## Developing Technical Capacity

- Ensuring personnel in risk and compliance functions have the specialised skills needed to audit non-financial performance indicators.

## Enforcing Compliance

- Holding the second line accountable for ensuring that quarterly performance reports are accurate and verified, reducing assurance fatigue and dependency on external audit teams

## Leveraging Technology

- Utilizing automated dashboards and AI-driven tools to track compliance metrics, risk indicators, and data quality in real time.

# Conclusion



# Conclusion

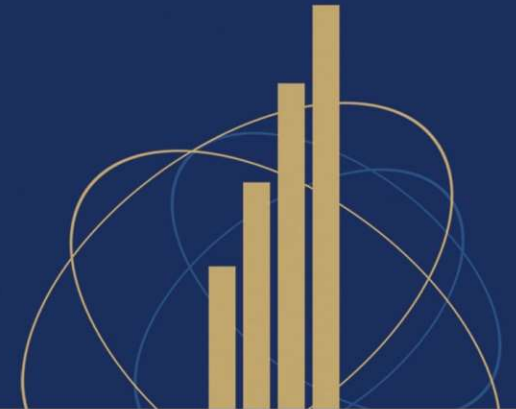
- High-Performing institutions believe:

***“Bad news must travel faster than good news.”***

- Because bad news early can be fixed. **Bad news late becomes audit findings, fruitless expenditure, or scandals.**
- Credible reporting is achieved when the three lines operate in a coordinated manner—a **"combined assurance" approach.**
- The **second line's role is to ensure that management (1st line) provides useful performance information**, enabling the third line (internal audit) to focus on higher-level strategic assurance rather than basic data cleaning.
- This collaboration, as encouraged by the National Treasury, **ensures that reported performance against predetermined objectives is credible and aids in accurate progress assessment**



# Thank You!



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