



AGSA Presentation for CIGFARO INDABA

Date: 21 April 2026



Advocating for an effective government culture

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

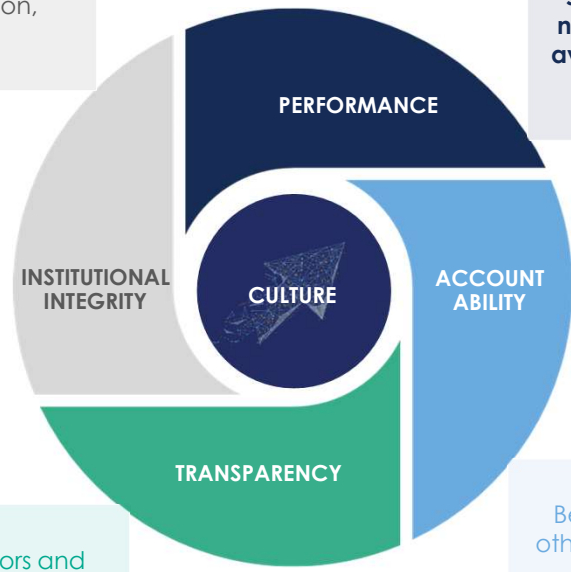


AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Implement and maintain **institutionalised controls** to ensure leadership and officials **behave ethically, comply with legislation and act in best interest** of institution, **avoiding conflicts of interest**

Demonstrate commitment to improving lived realities of South Africans by **delivering on legislated mandate and strategic objectives aligned to people's needs**, being **financially sustainable**, and **avoiding harm to public and public sector institutions**

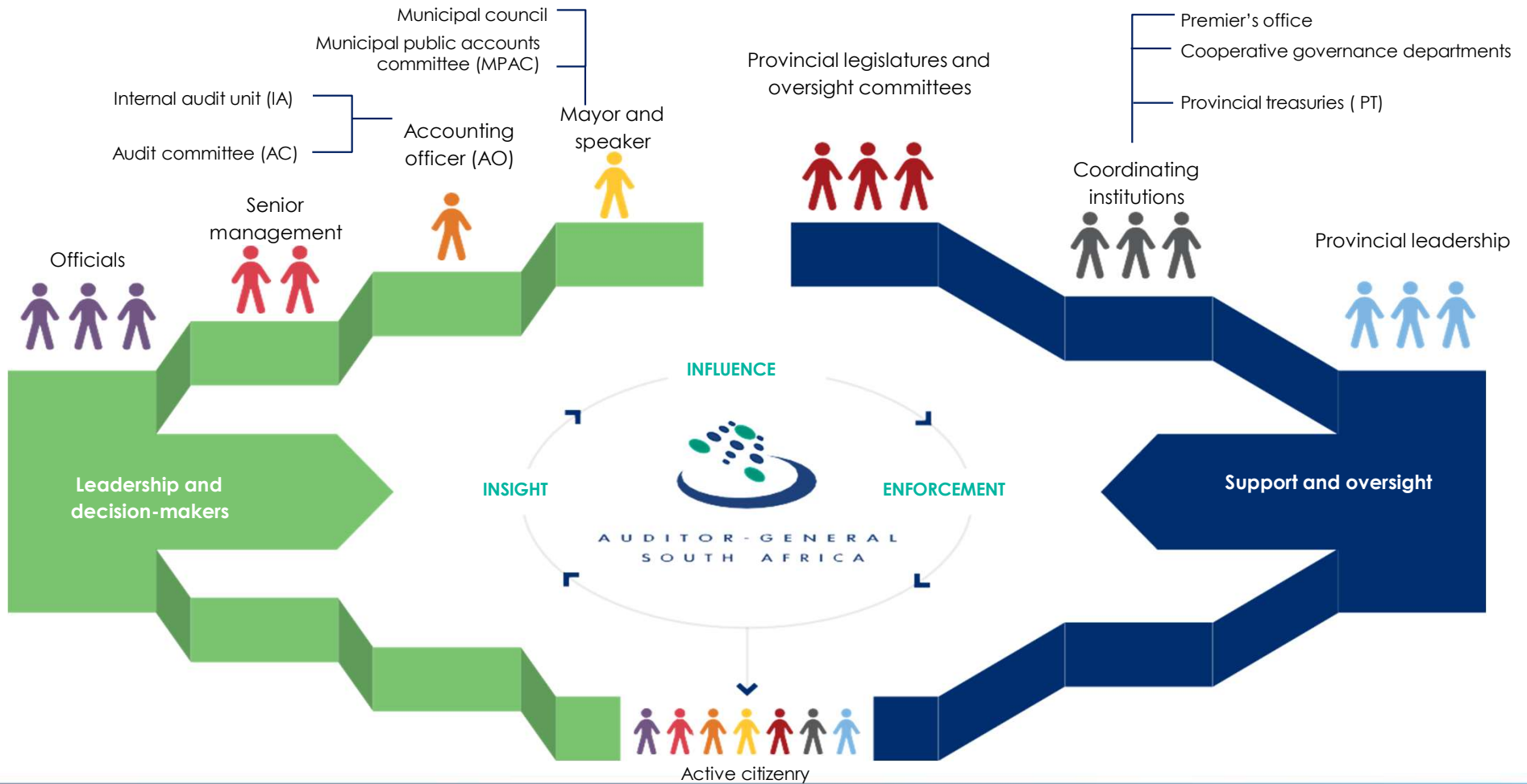


Provide public, oversight, auditors and other stakeholders with **timely, relevant and reliable information on institution's finances, performance, use of resources and compliance with legislation**

Be responsive to public, oversight and other stakeholders through **reporting and providing answers on mandated responsibilities fulfilled, actions taken and decisions made**; ensure **swift consequences** for transgressions and poor performance



All have a role to play in accountability ecosystem



Managing UIFW Expenditure in terms of MFMA S32

Objective of MFMA S32

- Ensure accountability for UIFW expenditure
- Enable investigation and consequence management
- Allow recovery of losses where applicable
- Promote sound financial management

Approach to manage UIFW expenditure

- Identify UIFW and record in central register
- Confirm type (unauthorised, irregular, fruitless & wasteful)
- Investigate, establish facts, responsibility, and root cause
- Report to Council and required authorities (Mayor, MEC, AG)
- Report criminal matters to SAPS where applicable
- Council to decide on recovery, write off and actions to be taken.
- Consequence management by recovering losses where applicable and apply disciplinary and or legal action

Recommendations

- Municipality should maintain an updated UIFW register.
- Disclose in the AFS and annual report
- Conduct timely investigations
- Strengthen internal controls and implement corrective measures
- Ensure consistent consequence management



Performance of staff in municipalities

- MSA 67(1)(d) The auditee develop and adopted appropriate systems and procedures to monitor, measure and evaluate performance of staff.
- MSR 35 a supervisor and staff member must enter into a performance agreement for each performance cycle of the municipality.
- The performance agreement of a serving staff member must be concluded within 30 days of the commencement of the new financial year of the municipality.
- The performance agreement of staff must be concluded within 60 days of his or her
 - I. appointment after probation as from 1 July of the new financial year,
 - II. transfer or promotion to a new post,
 - III. or return from prolonged leave that is more than three months.

The performance agreements must include a performance plan that contains

- The name, job title and department of the staff
- The objectives and targets
- KPAs, Their weightings and the target date for meeting the KPA
- The KPIs and the performance standard for each KPI
- The name and definition of job specific competencies, their weightings and expected level of capability for each competency
- A personal development plan prepared in compliance with regulation 51
- The process of monitoring and assessing performance, including the planned dates of assessment.



Legal obligations of an AO/AA to address an irregularity

If an AO/ AA is made aware of an irregularity (non-compliance, fraud, theft or a breach of fiduciary duty) the **MFMA typically prescribes** the following steps to be taken:

1. Perform a preliminary investigation to determine the facts and collect information on what caused the transgression, who is responsible and whether a financial loss was suffered (or will be).

If applicable

2. Prevent any losses or further losses
3. Institute a formal investigation if there are indications of fraud, corruption or other criminal conduct. If confirmed take further action e.g. report the matter to the SAPS
4. Recover any financial losses from an external party
5. Take steps against the responsible official (which can include a financial misconduct investigation)
6. Recover any financial losses from the responsible officials

The policies and procedures of an auditee typically describes how these steps should be taken and the timing thereof.

The same steps should be taken if an AO/AA is notified of a material irregularity



Using our expanded mandate to address lack of action on material irregularities



If the **material irregularity is not appropriately and timeously addressed** by the accounting officer or authority in response to being notified thereof – our mandate now allows for **three possible courses of action**

Refer to a
public body for
investigation

Perform an
investigation

Include recommendation to
address material irregularity
(as per legislation) in the
audit report and a time
period for implementation



Remedial action



Remedial action is triggered by the lack of implementation of the recommendations included in the audit report

The remedial action is a legal instruction to the accounting officer or authority to **take specific action by a certain date.**

The **actions and consequences of non implementation** are determined by the type of material irregularity.

	Material irregularities involving financial loss	Material irregularities <u>not</u> involving financial loss
Remedial action	Directive to quantify financial loss and steps to be taken to recover the loss	Actions to address the material irregularity in line with legislation and practices
Consequence of non-implementation	Commence certificate of debt process	Escalate to executive authority, appropriate legislature or other body or take legal action or any other action within our mandate



Identified MIs – next steps and responsibilities for MI's identified

AGSA and AO/AA

Executive and oversight

AO/AA is dealing with the MI



AO/ AA... implements the committed actions to address the MI and improves controls to prevent reoccurrence

AGSA... follows-up in the next audit if actions were implemented and if outcomes were reasonable. If not, can result in referral or a recommendation in audit report

Executive... monitors progress and supports AO/AA in addressing the MI and improving controls

Oversight... monitors progress and calls AO/AA to account for actions taken and outcomes

MI is referred to a public body



AO/ AA... cooperates with public body and implements any remedial actions/ recommendations made. Improves controls to prevent reoccurrence

AGSA... provide information on MI to public body, monitors progress with investigation and follows-up in audits on implementation of any remedial actions/ recommendations

Executive... supports public body investigation and the AO/AA in improving controls. Monitors progress with investigation.

Oversight... monitors progress with investigation and calls public body to account for undue delays in investigation.



Identified MIs – next steps and responsibilities (continued)

Recommendation
included in audit
report



AGSA and AO/AA

AO/ AA... implements the recommendations by the date stipulated in the audit report and improves controls to prevent reoccurrence

AGSA... follows-up by stipulated date if recommendations were implemented and if outcomes were reasonable. If not, **issue remedial action**

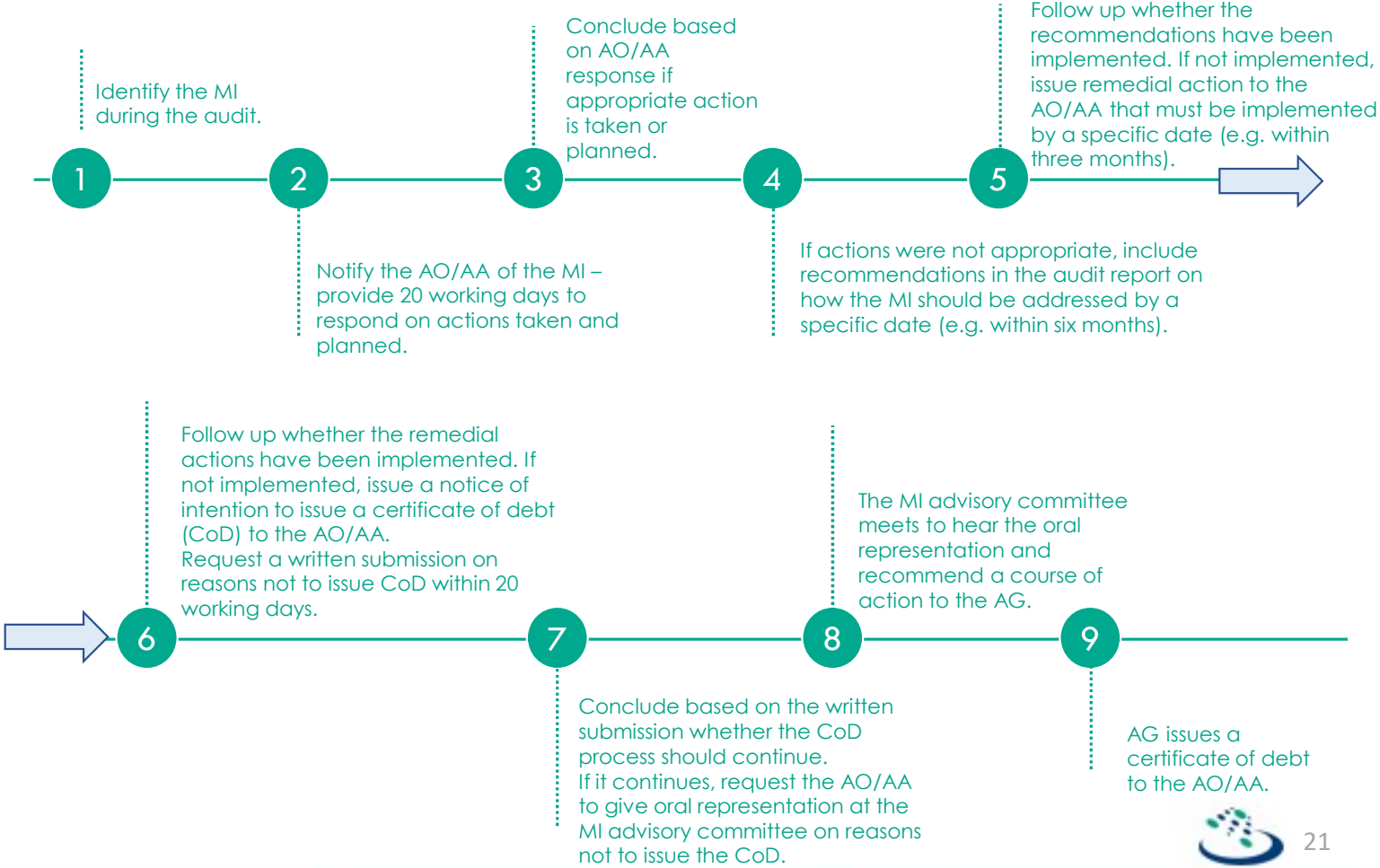
Executive and oversight

Executive... monitors progress and supports AO/AA in implementing recommendations and improving controls

Oversight... monitors progress and calls AO/AA to account for actions taken and outcomes



The process from identifying a material irregularity that caused a material financial loss to a certificate of debt



THANK YOU

Stay in touch with the AGSA



Auditor-General South Africa



www.agsa.co.za

Illuminating insights for a better South Africa

