



**Internal Audit as catalyst for Reform
and being a **Strategic Advisor** and not
just **Fault Finder****



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Chartered Institute of
Government Finance, Audit & Risk Officers

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PRESENTATION OVERVIEW

1. PUBLIC SECTOR PERCEPTION

- ☺ Accounting authority
- ☺ Advisory/ oversight committee
- ☺ Support Sector
- ☺ General Public

2. THE HIGH-STAKE ENVIRONMENT AND PROTECTING THE IAA

3. MIND SET SHIFT (Three phases of Audit)

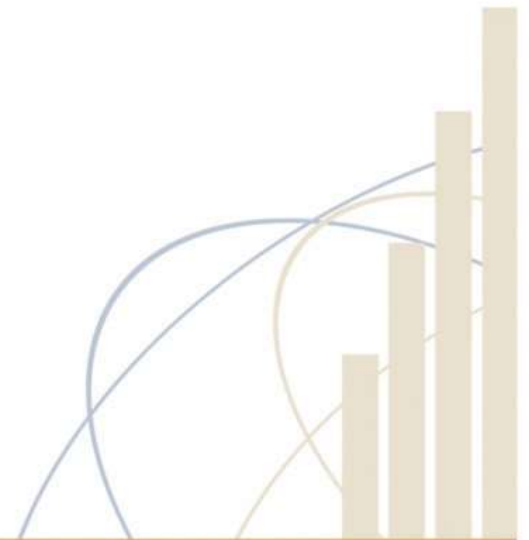
- ☺ Fault Finder
- ☺ Strategic Advisor
- ☺ Catalyst for Reform

3. INTERNAL AUDIT MEASURING SUCCESS (New KPI'S)

4. CALL FOR ACTION –Empowering the Catalyst

5. RETURN ON INVESTMENT “ROI”

6. CONCLUSION



Public Sector Auditor Perception

Summary of the "Municipal Auditor" Persona in 2026

STAKEHOLDER	CURRENT PERCEPTION
Municipal Manager	A necessary compliance officer; sometimes a "safety net" for catching year-end errors.
Audit Committee	The "eyes and ears" of the committee but often frustrated by a lack of implementation.
National Treasury	A vital link in the MFMA compliance chain but often lacking specialized technical skills (like GRAP 17 or IT audit).
General Public	Often skeptical; they struggle to reconcile positive audit opinions with poor local service delivery.

The "High-Stakes" Environment

The role of the Auditor has become a high-risk occupation due to the rise of **Municipal Organized Crime Networks**.

1. The Ekurhuleni Tragedy (Late 2025/Early 2026)

- ❖ **The Incident:** Forensic auditor **Mpho Mafole** was tracked and killed in a drive-by shooting after flagging irregularities in a **R1.8 billion** mobile chemical toilet tender.
- ❖ **The Strategic Lesson:** Auditing "big-ticket" items is no longer just a paperwork exercise. IA functions must now include **Security Risk Assessments** as part of their audit planning for high-value procurement.



The "High-Stakes" Environment

2. Intimidation as a "Standard Operating Procedure"

- ❖ **Case Trend:** The Auditor-General (AGSA) reported that in several "High-Risk" municipalities (e.g., Nelson Mandela Bay, eThekweni), audit teams have received **sealed envelopes with death threats** and experienced **hostage-taking** during field visits.
- ❖ **The Internal Audit Shift:** Modern IA units are moving to **remote auditing** and "Off-Site Evidence Verification" in volatile areas to protect staff while maintaining oversight.



The "High-Stakes" Environment

3. Personal Liability & The "Certificate of Debt"

- **Recent Precedent:** The AG has begun issuing **Certificates of Debt** against accounting officers to recover lost funds personally.
- **The Pressure on IA:** Internal Auditors are being pressured by management to "sweep findings under the carpet" to avoid this personal financial ruin.
- **The Catalyst Response:** IA must leverage the **2025 Whistleblower Protection Bill** and the **Fallen Whistleblowers Bill** to ensure they have a direct, protected line to the Audit Committee and National Treasury, bypassing compromised local leadership.

Protecting the Auditor (Strategic Needs)

To function as a Catalyst and not a Victim, Internal Audit requires a "Safety Infrastructure":

- **Cyber-Anonymity:** Tools that allow auditors to run data analytics on SCM (Supply Chain Management) without flagging which specific transaction is being scrutinized in real-time.
- **Physical Security Mandate:** When auditing "Red-Zone" departments (Infrastructure, Fleet, SCM), IA must have a budget for independent security details, separate from municipal police.
- **Psychosocial Support:** As identified in 2026 Human Rights Watch reports, auditors in the public sector now require **trauma and resilience training** to handle the mental toll of intimidation.

The Mindset Shift: The Three Faces of Audit

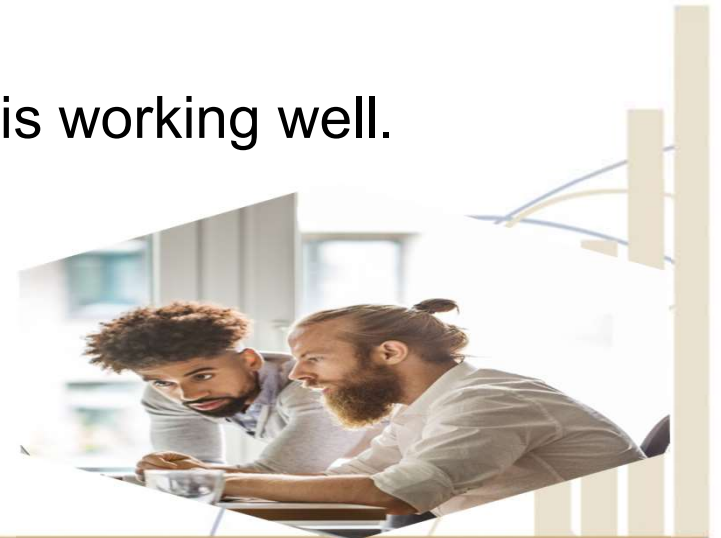
Role	Focus	Perception
The Fault Finder	Historical errors and compliance gaps.	"The Police" – Hindrance to speed.
The Strategic Advisor	Future risks and process optimization.	"The Partner" – Adding value.
The Catalyst for Reform	Identifying root causes and driving systemic change.	"The Change Agent" – Essential for growth.

To change the perception, we must first define where we are and where we are going.

Breaking the "Fault Finder" Cycle

The traditional audit often focuses on what went wrong in the past. To move beyond this, IA must:-

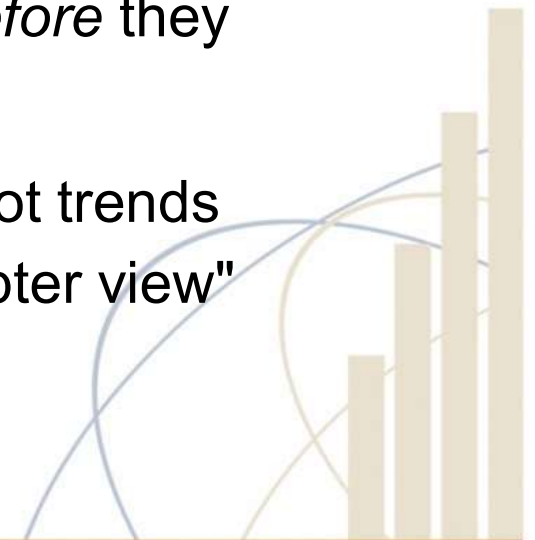
- ❖ **Focus on "Why," not just "What":** Instead of just listing a missing signature, analyze if the current workflow is actually functional for the team.
- ❖ **Collaborative Reporting:** Share draft findings early. No "gotcha" moments in the final report.
- ❖ **Balanced Reporting:** Acknowledge what is working well. This builds trust and shows objectivity.



Internal Audit as a “Strategic Advisor”

As a strategic advisor, IA looks ahead at the organization’s goals.

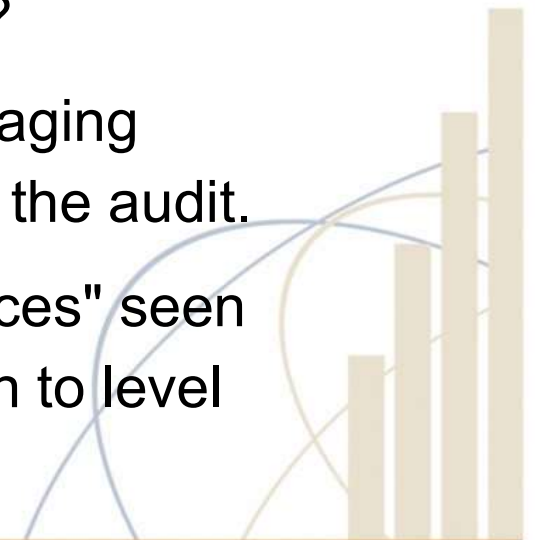
- **Alignment with Strategy:** Does the audit plan cover the company's 3-year growth goals, or just routine financial controls?
- **Advisory Services:** Providing insights on new system implementations or organizational restructures *before* they are finalized.
- **Data-Driven Insights:** Using data analytics to spot trends that management might miss, providing a "helicopter view" of the business.



Acting as a “Catalyst for Reform”

A catalyst doesn't just point at a problem; they trigger a reaction that leads to a better state.

- **Root Cause Analysis:** Moving beyond symptoms to fix the "engine" of the organization.
 - *Example:* If a department is consistently over budget, is it poor management (fault), or is the budgeting software outdated and misleading (reform opportunity)?
- **Promoting a Culture of Accountability:** Encouraging departments to own their risks rather than fearing the audit.
- **Benchmarking Excellence:** Sharing "best practices" seen in one department with the rest of the organization to level up the entire company.



Internal Audit measuring Success (New KPIs)

We cannot measure a "Catalyst" by the number of findings. Instead, we look at:

- **Percentage of recommendations implemented.**
- **Reduction in recurring issues.**
- **Stakeholder satisfaction surveys** (Did the audit help the business unit perform better?).
- **Requests for advisory work** from leadership.



Call to Action – Empowering the Catalyst



Investing in Modern Oversight for a Clean Audit & Better Service

To move Internal Audit from a "Fault Finder" to a **Strategic Advisor**, we require the following **Four Pillars** of support:-

1. Authority & Access (The Seat at the Table)

- **Requirement:** Invite the Chief Audit Executive (CAE) to sit in on **Strategic Management Meetings** and Portfolio Committees (not just Audit Committees).
- **The "Why":** We cannot be a "Strategic Advisor" if we only see the strategy *after* it has failed. We need to provide "Pro-Active Assurance" during the planning phase.

2. Digital Transformation (Tools, not just Ticks)

- **Requirement:** Budget for **Data Analytics Software** (e.g., ACL, IDEA) and Continuous Auditing tools.
- **The "Why":** Automating the "Fault Finding" (compliance checking) allows the audit team to spend 80% of their time on **Reform and Advisory** work.

Call to Action – Empowering the Catalyst

3. Specialized Skills (Beyond Accounting)

- **Requirement:** Approval to co-source or hire specialists in **Engineering, IT Security, and Performance Management.**
- **The "Why":** To audit service delivery (e.g., why a wastewater plant isn't working), we need technical eyes, not just financial ones.

4. Cultural Buy-in (The "Tone at the Top")

- **Requirement:** A public directive from the MM/Mayor to all Heads of Departments (HODs) to view Internal Audit as a **Partner**, not a "Police Officer."
- **The "Why":** Reform only happens when departments stop hiding information and start collaborating with Audit to fix root causes.

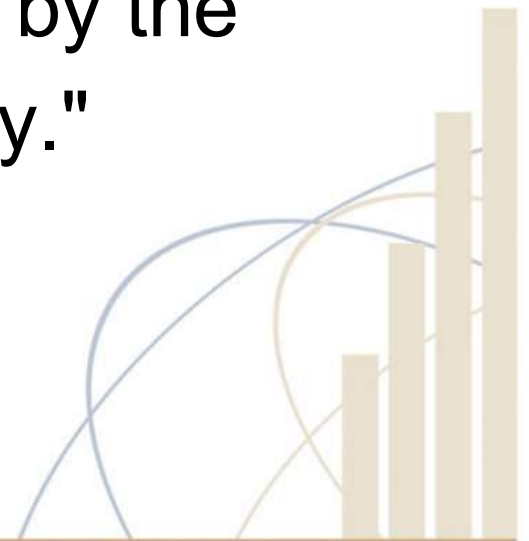


The "ROI" on this Investment

WHAT WE DELIVER NOW	WHAT WE DELIVER AS A CATALYST
Reports on past errors on irregular expenditure.	Prevention of future irregular expenditure.
Compliance checklists.	Operational Savings (Fuel, Fleet, Overtime).
Reaction to AG findings.	Clean Audit Readiness all year round.
Identification of stolen assets.	Safeguarding of community infrastructure.

The "Brave" Advisor

"In 2026, being an Internal Auditor is an act of courage. We are no longer just checking boxes; we are dismantling networks that rob our communities of water and dignity. To do this, we don't need 'fault finders'—we need **strategic warriors** who are protected by the law and empowered by technology."



Conclusion: The Value Proposition

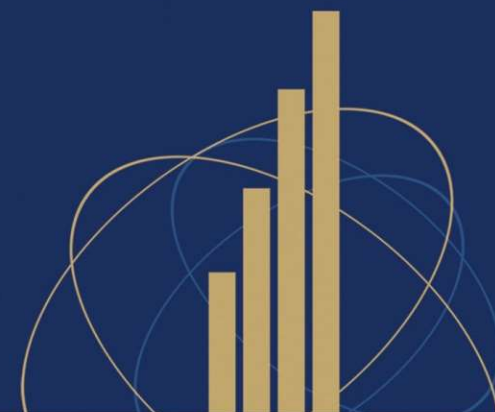
Internal Audit is no longer about looking in the **rearview** mirror. It is about being the **navigator** sitting next to the driver, helping the organization avoid potholes and find the fastest, safest route to its destination.

The shift from '**Fault Finder**' to '**Catalyst**' isn't just a nice-to-have; it's a survival strategy. As we see in the 2026 Metro disputes and the personal liability cases, the old way of auditing—where we wait for things to break and then point fingers is failing our leaders and our communities. Our job now is to be the **early warning system** that prevents the R5 billion qualification before it ever hits the books."





Thank You!



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