



# Our reputation promise/mission

The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



# What is performance auditing all about?

- **Economy** - **acquisition of resources** in the right quantity, of the right quality, at the right time and place at the lowest possible cost
- **Efficiency** - **optimal relationship** between the output of goods, services or other results and the resources used to produce them
- **Effectiveness** - performance in relation to achievement of the policy objectives, operational goals and other **intended effects** of the audited entity

Getting to the root of service delivery challenges



Responding to stakeholder needs



BEST RESOURCE  
BASED ON NEED



BEST RESULTS USING  
WHAT WE HAVE



GOAL REACHED



# AGSA Audits (service types and value add)

## Performance Auditing:

### Looking at the 3Es



Ask: what do I need, what quality do I need, when do I need it, where do I need it, how much of it do I need and where can I get all my needs met at the lowest price?

What do we expect to find?:

- Was a proper needs assessments done for the projects?
- Was a competitive bidding processes always followed?
- Did projects start and finish on time?



Ask: was the work done with the minimum effort?

Access whether:

- Projects were extended because of a lack of proper project management and monitoring
- Payments were made in line with approved budgets
- A proper document archiving system was maintained



Ask: Did we do what we set out to do?

Access whether :

- Project objectives were achieved and deliverables were completed
- The investment yielded the intended results
- An analysis was done to determine whether the initial needs were met and benefits were received



# Benefits of performance auditing

- Encourages learning and change within the public sector by:
  - providing new information and drawing attention to various challenges
  - providing government with recommendations based on independent analysis
- Adds value to the traditional functions of Supreme Audit Institutions by making use of evaluative techniques and subject matter specialists
- Increases public transparency and accountability
- Provides objective and reliable information on how the public service performs
- Touches on issues that are at the heart of service delivery



# State of Performance Audit Past, Present, Future

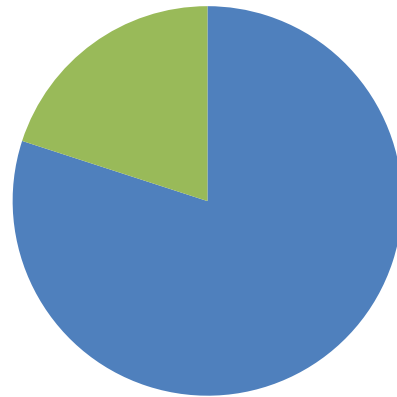


# Three year journey: Past to Present

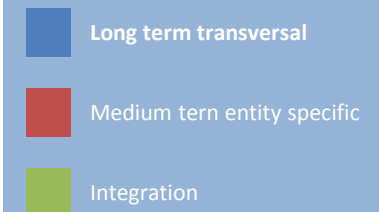
# 2012

# 2015

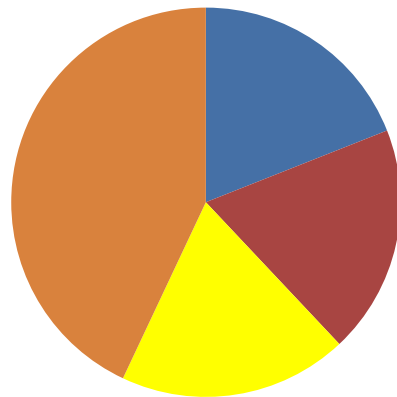
## Product mix



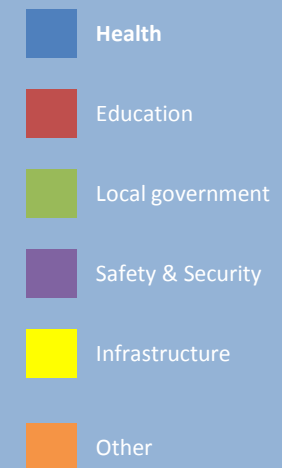
## Product mix



## Sectors



## Sectors

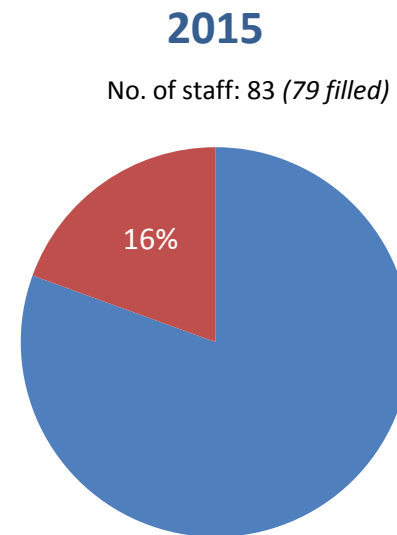
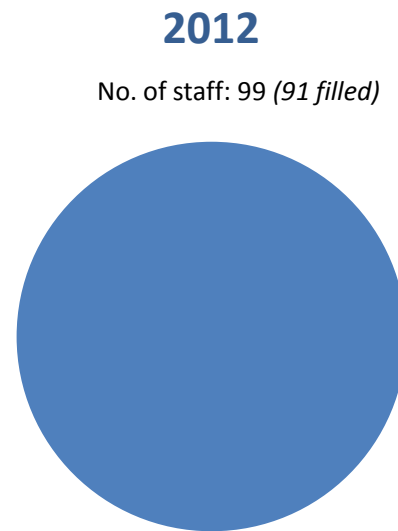


### Auditing to build public confidence



# Three year journey: Past to Present

## Skills



## Audit Backlogs

### Significant backlog

- Audits on education (20) and consultants (20) put on hold to execute the 'readiness' audit at 61 auditees

### No backlog

- Staff working on current audits
- Two public reports ready for tabling

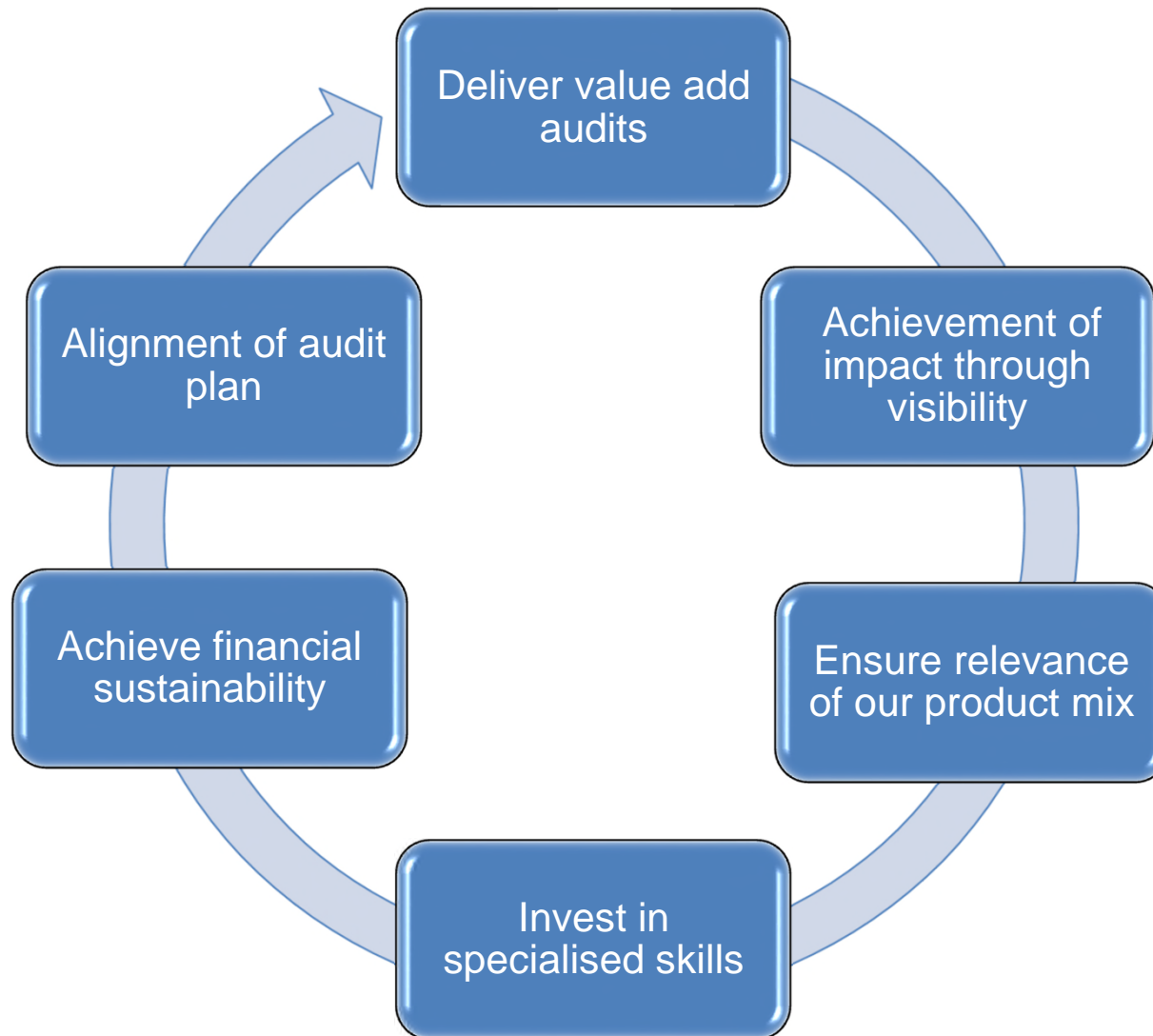


# Future: Key developments in external environment

- More rigorous engagement by our stakeholders on our audit outcomes
- Increased stakeholder expectations on AGSA role for improvements in the public sector
- Competition for skilled labour
- Fiscal constraints on the delivery of government programmes
- An intensified national interest in environmental matters
- The increase in uptake and importance of integrated reporting on performance, environmental and governance matters
- Increase in focus by government on health, infrastructure, education, water and sanitation and basic services



# Response to key developments



## Invest in specialised skills

- Currently our COE comprises sector specialists in health, education and infrastructure
- Plan is to recruit a sector specialist in local government
- Development of rigorous training plans for all specialists at all levels (including soft skills)
- Regular climate survey with COE specialists
- Implement revised structure to provide career growth opportunities for COE specialists
- “Grow our own timber” by hiring staff at the entry level (skills mix)
- Possible future development
  - Appointment of functional level specialist to add value to audit process eg SCM, HR, Fixed assets
- Expand our relationships with strategic partners (non-audit)



## Deliver value add audits

- Market the value-add role of performance audit as part of the integration implementation plan.
  - More robust risk assessments on audits (planning)
  - Working hand in hand during execution of audits
  - Adding value to reports
  - Impart knowledge to improve the skills base of audit teams
- On standalone performance audits we will intensify the involvement of our specialists in all phases of the audit process
- Develop plan on how we intensify the use of publicly available information in the planning of performance audits



## ....Deliver value add audits

- Keep abreast with local and international developments in performance auditing
- Develop performance audit skills within RA audit teams to increase capacity to conduct integrated audits
- Develop core capacity within the PA BU to conduct more complex stand-alone performance audits
- Realignment of our audit methodology to include:
  - Amendments to the performance audit manual
  - Adoption of the new ISSAI 3000
  - Alignment to ISSAI 300
  - Engagements with other SAIs & incorporation of international standards

13



## Audit Sample:

- 254 VIP toilets in 7 rural provinces
- 26 Local Municipalities



- A Performance audit was conducted in 2013 on Rural Household Infrastructure Grant (RHIG)



- Budget R1.2 billion over 3 financial years
- 2 implementing agents
- 1 Project Management Consultant
- 42 097 VIP toilets completed and handed over between October 2010 and March 2013



Key Findings	Recommendations to department	Behavioural Changes at the departments in response to findings
Project management company did not effectively project manage, resulting in certification of poor quality toilets	Introduce proper project oversight	<ul style="list-style-type: none"> <li>Plans put in place to fix quality issues</li> <li>Independent quality assurance provider appointed</li> </ul>
Project management company was not measured against programme deliverables	Project management company's payments should be linked to toilets/deliverables	<ul style="list-style-type: none"> <li>Linking of Project management company's payments to deliverables</li> </ul>
Duplication of project management functions which led to lack of accountability	Clear role definition	<ul style="list-style-type: none"> <li>Project management company's SLA changed to oversee work of Implementing agents</li> </ul>





Key Findings	Recommendations to department	Behavioural Changes at the departments in response to findings
Discrepancy between expenditure and number of VIP toilets completed	Department requested to account for difference	<ul style="list-style-type: none"> <li>All work in progress was completed and asset registers updated</li> </ul>
Implementing agents submitted complimentary bids in an attempt to divide the market	Department requested to check for anti-competitive behaviour	<ul style="list-style-type: none"> <li>Department has referred the matter to the Competition Commission</li> </ul>
Non-compliance with approved norms and standards	Introduce proper project oversight	<ul style="list-style-type: none"> <li>Plans put in place to fix quality issues</li> <li>Independent quality assurance provider appointed</li> </ul>



# Lessons Learnt

Common issues on projects implemented by government :

- Supply chain process followed often ineffective
- Poor project planning
- Contract management ineffective
- Lack of consequences
- Inefficiencies in project management
- Government departments do not always deploy the correct skills
- Ineffective project scope management
- Poor project life cycle management



# Good Practices

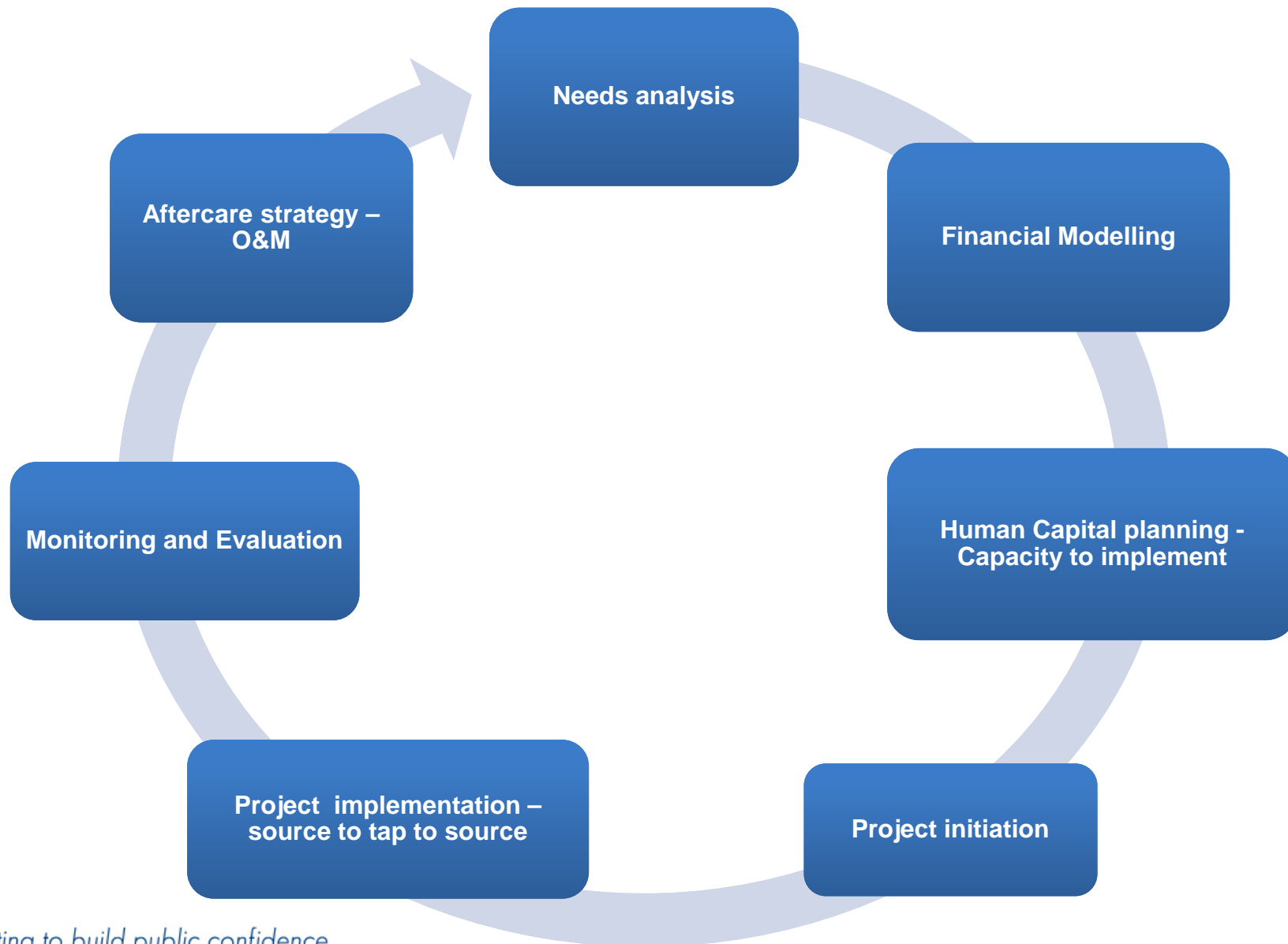
- Use of sector specialists to:
  - Heighten auditors understanding of government
  - Interpret audit findings
  - Research audit themes
  - Give recommendations in a way the departments will understand
- Increased accountability from government departments
  - Speedy reaction of management on performance audit findings
  - Development of action/ remedial plans
- Findings raised are followed up during regulatory audit cycle
  - Follow ups to ensure that findings are addressed



# Auditing Water Infrastructure



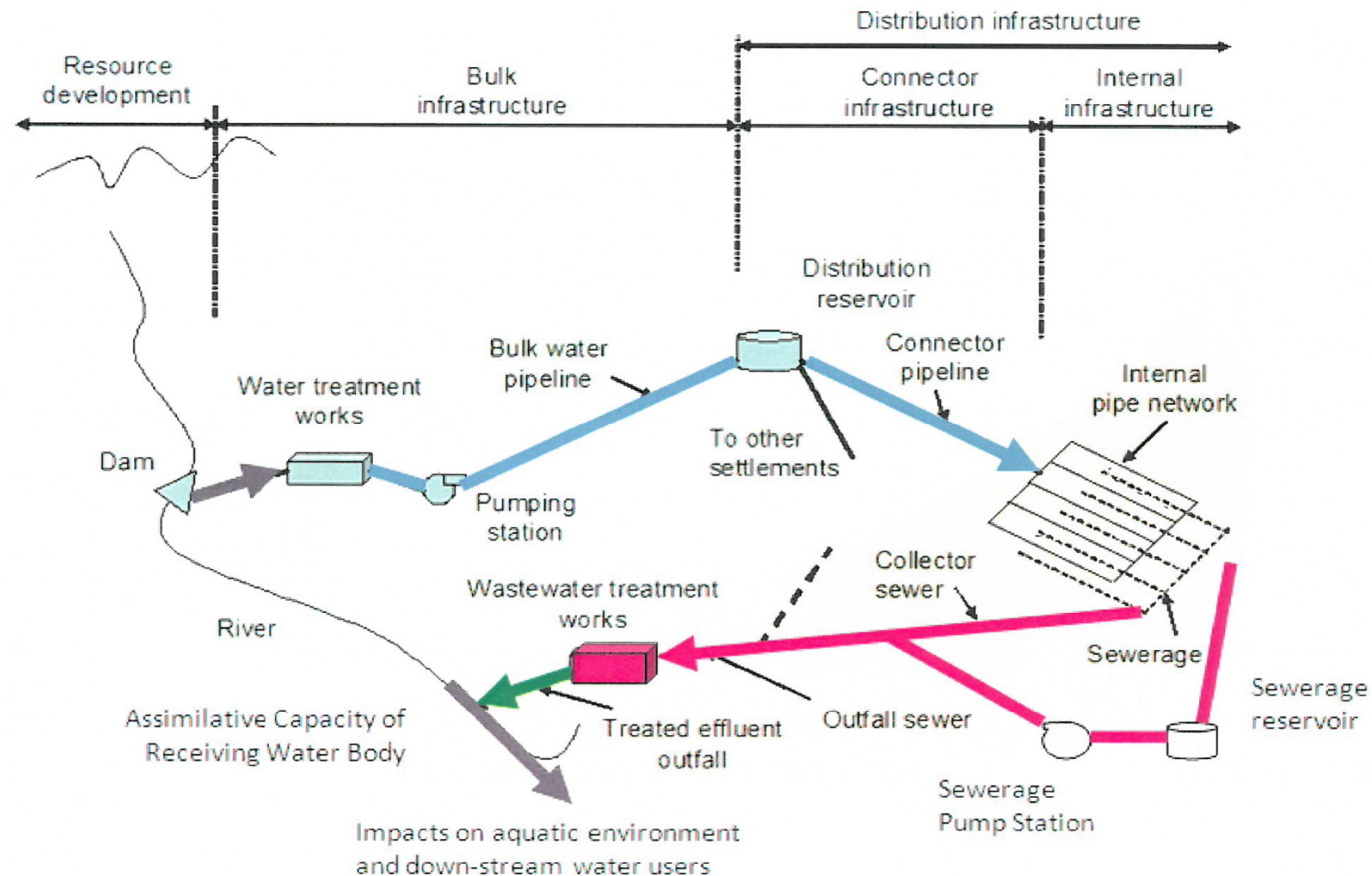
# Value Chain Auditing



*Auditing to build public confidence*



# Water and Sanitation Value Chain



20

## Purpose of the audit

- To ensure that water infrastructure exists
- To ensure that existing water infrastructure is in good condition
- To ensure that water infrastructure enables preservation of water resources
- That water infrastructure investment results in households getting clean drinking water



## Preliminary Findings

- Significant increase in bulk water infrastructure investment in rural areas
- Bulk water infrastructure provision in rural areas
  - Resource development
  - Regional bulk infrastructure
  - Connector and internal infrastructure
- Rural households have access to potable water
- Citizens have access to potable water within a maximum of 200m of their households





Gracias  
Alguna Pregunta???

Thank You  
Any Questions???

