

OUR AUDIT OF GOVERNMENT'S PANDEMIC RELIEF SPENDING

Value adding auditing objective 1: Demonstrate value-adding auditing

PERFORMANCE MEASURE

Tabling a special report on real-time audits conducted during the state of disaster in 2020-21

2020-21 TARGET

The special report is tabled on the date specified by the auditor-general

2020-21 ACTUAL

Tabled as at June 2021

3
reports

The South African government's approach to the pandemic and national lockdown included a multipronged fiscal package, which expanded during the year to mitigate the lockdown extension and its effects on the country's citizens and economy.

Our status as a supreme audit institution perfectly positioned us to play an independent role in assessing the risks to the programmes launched and in proactively detecting and exposing practices that could ultimately result in wasting public money.

In September and December 2020, and June 2021, we tabled three special reports on government's financial management of the pandemic relief initiatives. These reports covered initiatives in these broad categories:

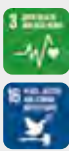
- paying benefits and grants to relieve economic and social distress
- procuring personal protective equipment
- frontline initiatives to protect against and manage the impact of covid-19
- following up on accounting officers and authorities' commitments to take action
- focusing on the covid-19 funds to local government and how accounting officers take action to improve their controls of the special funds.

The reports highlighted risk areas such as irregularities, poor controls and systems, and indicators of potential fraud. They enabled oversight bodies to play a more proactive role. Of the accounting officers and executive authorities, 37% took action by implementing our recommendations and, in some cases, even took disciplinary steps. The remainder had partially implemented their commitments.

All three reports were well received by government, oversight bodies, the public and the media. This increased our relevance during a difficult time in our country.

The audit and reporting differed significantly from the annual audits in the following ways:

- These real-time audits looked at transactions, payments or procurement processes almost directly after they took place.
- The focus was on prevention and can be seen as a deterrent to prevent abuse.
- Data analytics were used extensively to identify risks and transactions that were not valid or accurate, or were incorrectly rejected.
- Multidisciplinary teams helped us identify fraud risks and incorrectly configured systems controls, and provided deeper insight on the quality, pricing and delivery of goods and services purchased.



- We reported to oversight bodies through special reports at intervals during the audit and as matters unfolded, enabling immediate oversight.
- We shared our analyses, red flags and findings directly with investigative agencies through the multiagency Fusion Centre, enabling swift action.

We will consider making real-time auditing and reporting an integral part of our audits, especially for key government programmes where it can prevent abuse and programme failure.

Significantly, our normal auditing work did not come to a halt during this time. In parallel with the pandemic-related audit, we continued to work on the annual audit of national, provincial and local governments.