

## Media Release

For immediate release

24 April 2019

### **Auditor-General meets with municipalities on the Public Amendment Act (PAA)**

SALGA and the Auditor-General is today meeting with municipalities, to deal with issues pertaining to the Public Audit Amendment Act 5 of 2018, to discuss the implications and the intentions of the amendments specifically highlighting consequences to the municipality.

The Act aims to:

- 1) Amend the Public Audit Act, 2004, so as:
  - To delete certain definitions and to insert new definitions;
  - To provide for certainty regarding the discretion of the Auditor-General with regards to certain audits;
  - To authorise the Auditor-General to undertake performance audits and to provide audit or audit related services to an international association, body, institution or organisation;
  - An audit performed under this Act, to a relevant public body for investigation;
  - To empower the Auditor-General to take appropriate remedial action;
  - To provide for the Auditor-General to issue a certificate of debt where an accounting officer or accounting authority failed to recover losses from a responsible person and to instruct the relevant executive authority to collect the debt;
  - To provide for the establishment, powers and functions of a remuneration committee;
  - To provide for consultation between the Independent Commission for the Remuneration of Public Office-bearers and the remuneration committee;
  - To provide for the defraying of certain excess audit fees as a direct charge against the National Revenue Fund;
  - To revise the provisions relating to the appointment of an audit committee for the Auditor-General;
  - To provide that the Auditor-General makes regulations on specific issues;
  - To substitute certain expressions; and
- 2) To provide for matters connected therewith.

The meeting covered parts of the existing legislative instruments for public finance management, history of audit outcomes, expansion of the government mandate through the Public Audit

Amendment Act, and the implementation process on the expected amendments.

According to Ms. Sibongile Lubambo, from the Auditor-General, the areas of greatest vulnerability in public service include:

- Inadequate record keeping, control disciplines and supervision and monitoring.
- Material non-compliance with key legislation on financial and performance management.
- Material non-compliance with supply chain management legislation is widespread contributing to the continuing trends of high irregular expenditure. Conflict of interest is creating opportunities for supply chain management to be abused thus financial health declines.
- Unauthorised expenditure remains high.
- Fruitless and wasteful expenditure continues to increase.
- Consequence management is not done thoroughly.



From left to right: Nkangala District Municipality Municipal Manager and SALGA Provincial Municipal Managers Forum Chairperson Ms. Magaret Skosana with Ms. Sibongile Lubambo from the Auditor-General.

**END**

**ISSUED BY: SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION**