

Parliamentary push to give the auditor-general more bite

A parliamentary committee that is tasked with overseeing the Office of the Auditor-General has approved an amendment to legislation that will give the AG's office more teeth.



Auditor-General Kimi Makwetu

As Auditor-General, Kimi Makwetu, released the audit outcomes for municipalities for the financial year 2016/17, a member of parliament, Vincent Smith, said the committee approved amendments to the Public Audit Act for submission to the National Assembly, where if passed, would be referred to the president for enactment. The aim is to ensure that the amendment is approved by parliament before the end of the current term of office.

"I can report today that yesterday, the committee approved the amendments to the Public Audit Act," he said.

The announcement comes after concerns over the years that the Office of the Auditor-General lacked the powers to take matters further than his audits.

The amendments, once finalised by parliament and signed off by the president, will give the auditor general powers to refer material irregularities to law enforcement agencies and appropriate authorities for investigation.

This will include any non-compliance with legislation, fraud or theft, or a breach of fiduciary duties that causes or is likely to cause a material financial loss, the misuse or loss of a material public resource.

The amendments will also give powers to issue a directive to recover any money that is lost as a result of the irregularities.

“We are also giving the auditor-general the authority to issue a certificate of debt against the accounting authority,” he said.

AG unpacks new powers once amendment comes into effect

Makwetu gave examples of matters that would have prompted him to step in and refer for further investigation had the amendments already been in effect.

He said in one case, his office identified various irregularities in the contracting of a consultant in 2015/16 to assist with financial reporting at a municipal entity at a cost of R3.8m.

This, he said, included the absence of a signed service level agreement, regular contract extensions, excessive rates per hour and a lack of monitoring of the work performed by the consultant.

He said despite the auditor-general reporting to the board that the contract was potentially fraudulent, the board did not take any action to investigate the matters raised.

In another example, he said a district municipality incurred R164m in fruitless and wasteful expenditure relating to a water project initially instituted by the municipality.

Makwetu said due to substandard work, the Department of Water Affairs had to redo the project from scratch. He also said the municipal leadership did not act in the best interest of the municipality, which not only resulted in substantial financial loss, but also in service delivery delays

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