

Saica welcomes real-time audits on flood disaster relief fund

The South African Institute of Chartered Accountants (Saica) welcomes the real-time audit that will be performed by the Auditor General of South Africa (AGSA) on the emergency flood relief funds that government made available to the flood victims in KwaZulu-Natal (KZN) and the Eastern Cape.

By [Natashia Soopal](#), issued by SAICA ^{31 May 2022}

This follows the AGSA's presentation of its audit framework for the disaster relief in KZN and Eastern Cap on 19 May 2022 to the Standing Committee of the Auditor General. The purpose of the real-time audit is to ensure that the relief funds reach the affected communities and will include the reconstruction of destroyed infrastructure like housing, roads, hospitals, schools, and the provision of social relief, water, and sanitation services. The real-time audit will assist the AGSA to detect and report early on findings to ensure that there is an immediate response by accounting officers and authorities to prevent potential fraud and further losses.

The AGSA will be auditing four sources of funding: the reprioritisation in existing national, provincial and municipal budgets; disaster relief/response conditional grants; the reallocation of other conditional grants; and the use of the contingency reserve for 2022-23. Amounts identified thus far by the AGSA through confirmation from accounting officers in KZN are as follows: R1bn (human settlements – R922m, social development – R90,7m); and for National departments: R8,75bn (The South African Social Security Agency – R85m, The Department of Water and Sanitation – R65m, The South African National Roads Agency – R5,7bn, The Passenger Rail Agency of South Africa – R2,9bn).

The AGSA has confirmed that written confirmation of the budget and expenditure will be obtained from all respective accounting officers including those from local government.

The AGSA also conducted real-time audits of the high-risk transactions, in 2020, on the Covid-19 relief fund where the audit identified key weaknesses which included the reconciliation and tracking of transactions; weak internal preventative controls deficiencies; inefficiencies in supply chain management; technological weaknesses; poor record-keeping; and poor quality of service and goods.

It is envisaged that government should have considered and addressed the findings from the Covid-19 relief fund during the management of the emergency flood disaster relief fund.

Saica urges government to use the outcome of the findings from the real time audit to improve the follow-up within public sector: internal controls; record keeping; and supply chain management processes.

Furthermore, accounting officers and accounting authorities are urged to enforce consequence management where there was disregard to implement preventative controls which resulted in the mismanagement of emergency flood relief funds by officials.

ABOUT THE AUTHOR

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