



Media Statement

Preventative controls are key to support roll out of vaccines

Johannesburg, 07 April 2021 – In response to the pandemic in 2020, and to support and protect its citizens, the South African government took swift action to approve a multibillion-rand relief package. This relief package was meant to, amongst others, assist vulnerable households, enable the provision of additional medical facilities and the purchase of personal protective equipment, writes Natasha Soopal, SAICA Senior Executive for Public Sector and Enabling Competencies.

Strong internal controls were required to be implemented to achieve maximum benefits and desired results from the multibillion-rand relief package. Internal controls are the mechanisms and processes that must be implemented to ensure the integrity of the financial information reported, thus promoting accountability, and preventing fraud. The Auditor General of South Africa (AGSA) has over the years reported on poor control environment, lack of accountability and consequence management within national, provincial and local government, and therefore the relief package was introduced to an already compromised control environment.

Since May 2020, the AGSA began with real-time audits of 16 of the key COVID-19 initiatives introduced by government and the management of R148.06 billion of the funds made available. The impact that the control environment had on the distribution of the relief package was revealed in the AGSA's *Special Reports on the financial and management of government's Covid-19 initiatives*.

The AGSA's special reports highlighted irregularities, poor controls and systems, and indicators of potential fraud controls and included amongst others the following control weaknesses:

- **Farmer's relief**

The Department of Agriculture, Land Reform and Rural Development experienced challenges around the data integrity of the approved and rejected applications. This process is manually driven and without adequate controls. As a result, the department has not been able to maintain accurate and complete records of vouchers approved, distributed, redeemed, and paid for.

- **Healthcare services**

The sector had several findings in procurement and expenditure management. This exposed departments to incurring significant amounts of irregular expenditure. Personal Protective Equipment (PPE) was not always procured in terms of the Treasury Regulations and accounted for, stored, and distributed in an efficient and effective manner in line with good stock management practices.

- **Community testing**

Several control weaknesses and related findings were identified throughout the health sector that materially affected the quality and value for money of the services or products delivered.

- **Basic education interventions**

Overall findings on the provision of PPE and the emergency supply of potable water and basic sanitation to selected public schools indicated that sufficient preventative controls had not been implemented for the education sector initiatives. These initiatives exposed weaknesses that had been in the system of the education sector for a long time, including a lack of planning, internal control shortcomings and a lack of proper monitoring and oversight. This significantly impacted the quality and value for money of the goods or services delivered in some instances.

- **Emergency supply of water to targeted communities**

The AGSA's observation was that the department's implementation of this initiative lacked some key planning elements, such as a detailed inventory list linked to the needs analysis, which affected the successful implementation. The AGSA also found it difficult to determine if effective monitoring and oversight of this initiative were conducted between the different role players, and there was also a lack of coordination between the department and water service authorities (municipalities), which moved tanks without informing the department.

Some of the AGSA's recommendations to address the weaknesses in the internal control environment included:

- Sufficient and appropriate guidance and instructions should be implemented to facilitate adequate monitoring and accurate reporting.
- Proper planning and monitoring should be implemented.
- Controls to ensure compliance with the instruction notes and relevant SCM prescripts to prevent the misuse/exploitation of emergency procurement legislation should be implemented.
- All actual and potential irregular, as well as fruitless and wasteful expenditure should be timeously investigated to determine whether such expenditure should be recovered from the responsible officials; and
- Risk assessments should be performed.

SAICA recommends that the AGSA special reports are considered by government to strengthen the internal control environment and to implement preventative controls. Preventative controls become more imperative now, as government prepares for the roll-out of vaccines to combat the pandemic. Government is currently the sole purchaser of vaccines and will be responsible to distribute it to provincial government and the private sector. A national register for COVID-19 vaccinations will also have to be established to control the vaccine roll-out. In the current crisis, the South African economy and citizens cannot allow for weak internal controls to hamper the roll-out of vaccines.

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