






# PUBLIC SECTOR | NEWSLETTER

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 SAICA – The South African Institute of Chartered Accountants

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## thought leader

### Connect with us:

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### UPCOMING DEADLINES:

#### 31 March:

- PFMA financial year end

# ARTICLES

## Accountants are more important than ever

Author: Jeanine Poggiolini CA(SA)

Technical Director at the Accounting Standards Board

**We find ourselves in an environment where our time and other resources are constrained. We need to be purposeful in our actions. This requires reflection and includes being more mindful about our broader role as finance professionals in executing our day to day responsibilities and our ultimate purpose in preparing the financial statements.**

We often do not consider the role that financial statements play in strengthening the system of public financial management. There are generally four “pillars” that result in stronger public financial management:

- A credible, transparent outcomes-based budget that includes public participation.
- Financial statements, prepared using information generated from a strong control environment, using generally recognised principles that provide

information to its users that helps them make decisions.

- Assurance on the financial statements by independent auditors.
- The exercise of robust oversight over the planning, execution and assurance phases.

What we need to reflect on is how financial statements lead to stronger financial management, which means better decision-making, better accountability, and as a result, better fiscal policy, frameworks and decisions. Let’s unpack this in terms of our current environment.

### **The pandemic and its effects are not over<sup>1</sup>**

This is particularly the case in emerging economies where a steady recovery is not assured as segments of the population remain susceptible to the virus and recovery. Broader access to vaccines is only expected in late

|                       | Rand  | What did it buy?  |
|-----------------------|-------|---|
| Additional spending   | 227bn | Medical supplies, medical staff, vaccine rollout, contributions to relief funds.  |
| Foregone revenue      | 26bn  | VAT and excise duties waived on essential goods, e.g. sanitisers.   |
| Government guarantees | 200bn | Government scheme to provide loans to qualifying businesses to support operating expenditure, salaries and restart costs. |
| Deferred revenue      | 203bn | Delayed payment of PAYE by qualifying businesses.   |

<sup>1</sup> The information is drawn from the International Monetary Fund’s Fiscal Monitor: Database of country fiscal measures in response to COVID-19 (July 2021) and the World Economic Outlook Update (July 2021).

2022. Advanced economies are about 40% vaccinated, emerging economies about half that number, and low income economies, only a fraction. There is a low recovery of employment which is highly uneven. Youth, women, and lower skilled individuals have the lowest rates of returning to work.


From a South African perspective, it is forecasted that our gross debt to GDP will be 77.5% in 2021. A significant amount of support has already been provided in response to the pandemic.

Fiscally, the government<sup>2</sup> will need to continue to respond to the effects of the pandemic, respond to social needs to address poverty, unemployment, inequality and other factors.


### **We live in an information age**

We have no shortage of access to data in our current environment and this includes financial data. Throughout the year entities process thousands of transactions, events occur, and circumstances exist within our communities and areas of responsibility, i.e. “data”. This is where the role of accountants is important.

While accounting is about numbers and a certain level of precision, accounting is fundamentally a social science. Our role as accountants when we prepare financial statements is to analyse data and interpret it in a way that is meaningful to users of the financial statements.



**It is our role as accountants to ensure that we provide credible information in the financial statements that is useful and...**



If our role is to interpret data and provide information to users of the financial statements, the next questions are (a) to whom do we need to provide information, and (b) what do they want to know?

### **Who uses the financial statements and what do they want to know?**

Financial statements produced as part of a public financial management system address the needs of a variety of users. Financial statements are often the only tool that is publicly available to – for example – members of the public when they want information about a municipality, public entity, or government department. As a tool used for public accountability, the range of users is broad and includes:

- Resource providers – Lenders, taxpayers, ratepayers, creditors and rating agencies.
- Service recipients – Those who depend on government services.
- Representatives of resource providers and service recipients – Parliament, Legislatures, and Municipal Councils.

The financial statements should be geared towards giving these users the information they need to (a) hold entities accountable and (b) make decisions.

The Conceptual Framework to the Standards of GRAP outlines comprehensively the range of accountability and other decisions that users are likely to make based on the financial statements.

As noted earlier, significant resources have been provided to support the effects of the pandemic, and users of the financial statements will continue to have an interest in this information going forward. As the financial statements provide credible financial information, policy makers and others may use this information to influence future frameworks, policies and reforms.

As the staff of the ASB we published a document last year outlining potential “risk” areas to consider in preparing the financial statements during the initial stages of the COVID-19 pandemic. These are largely unchanged.

### **It's a balancing act**

The information provided in the financial statements should balance the needs of various users and the focus and context of the key messages.

In the reporting period for 2021 we continue to feel the effects of the pandemic, dire economic consequences, and the elections. The messages communicated in the

<sup>2</sup>Government refers to the “general government sector” which includes national, provincial and local government





financial statements should not be overly negative, overly optimistic, and should be balanced.

The “qualitative characteristics” from the Conceptual Framework outline the key qualities of information in the financial statements. Information should be:

- Relevant – capable of making a difference. Materiality is part of relevance. If omitted or misstated information could influence users’ decision then it is material.
- Faithfully representative – represents underlying economic phenomena, is complete, neutral and free from error.
- Understandable – plain language, presented in an easily understandable way.
- Timely – make information available to users before it loses its capacity to be relevant.
- Comparable – allows users to identify similarities or differences in information.
- Verifiable – assures that explanatory and prospective information is faithfully representative. Information disclosed, methodologies adopted, factors and circumstances that support opinions expressed are transparent.

### **The ask is greater than before**

African Bank, VBS Bank, Steinhoff, Tongaat Hulett. All synonymous of when accounting and accountants failed. We cannot afford a failure of this magnitude in the public sector. Unlike these companies that could call on government for help – a “bailout” – government cannot do the same.

It is our role as accountants to ensure that we provide credible information in the financial statements that is useful and can be used to make sound financial, fiscal and policy decisions.

The ask for relevant, credible information is greater now than ever before. We need to do better, and it is never too late to start.



# ARTICLES

## Public Sector Audit Committees - role in the external audit

Author: George Higgins CA(SA)

Public Sector Audit Committee Forum Working Group Chairperson

**Public sector audit committees are responsible for governance oversight at the organisations that they serve within national, provincial and local government. This involves a responsibility to oversee all assurance providers in terms of the Combined Assurance Framework and model ensuring that it is optimally implemented.**

The Auditor-General South Africa (AGSA) is the supreme audit institution of South Africa and is responsible, in terms of the Constitution, to express an opinion on the financial statements, report on the performance report of public institution against their objectives and report any material non-compliance with laws and regulations according to the mandate provided by Public Audit Act, 2004 (Act N. 25 of 2004 as amended by Public Audit Act No.5 of 2018) (PAA). Most audits conducted in the public sector are performed by the AGSA.

One of the important relationships to be formed by the audit committee (AC) is with the external auditors. This relationship will enable the AC to gain insight into the audit process. This is a symbiotic relationship, where on one hand, input is obtained from the AC and on the other, the AC is evaluated by the auditors.

On the one hand there is the presentation of the engagement letter which sets out the details of how the audit will be conducted. In the public sector this often includes additional focus areas and responsibilities other than those normally covered in a private sector audit.

Another aspect is the audit strategy which is presented to the AC prior to the commencement of the audit with the objective of obtaining insight on the assessment of significant risks ensuring that they are adequately addressed during the audit.

On the other hand, an important aspect of this relationship is the evaluation by the external auditors, of the assurance provided by the AC, amongst other assurance providers, in ensuring that internal control processes adequately address risks. This assessment is presented in the published annual audit outcomes report for the PFMA and MFMA cycles.

This creates an interesting dynamic to the relationship between these two critical role players which must be carefully managed in order that neither role is negatively impacted. This can be achieved in several ways:

### 1. Public Sector Audit Committee Forum (PSACF) guidance

- The PSACF has published The role of audit committees in relation to the external and internal audit process paper that provides guidance to AC members in their role, especially with added audit focus in the public sector, helping to navigate the issues that the AC faces in the external audit process”.

### 2. The appointment of external auditors

- Section 4(3) of the PPA allows at AGSA the discretion to opt out of auditing certain public institutions.

Where the AGSA has exercised this discretion, it is the responsibility of the AC to appoint the auditor and the AGSA must concur with the appointment.

- It is important to note that as with any service provider in the public sector, the procurement processes of the entity should be followed with regards to the appointment of the auditor. The engagement letter covering the terms and conditions of the audit engagement is agreed between the external auditors and management. It will also contain the legislated dates that the auditor's report should be issued, and specific focus areas determined by the AGSA, which may also be contained in the Directive issued by the AGSA on an annual basis.

### 3. Audit engagement performance and conclusion

- An audit strategy which contains further information on the following, will be developed:
  - o Assessment of the significant risks raised by the auditors which should correspond with those observed by the AC during the period.
  - o Understanding of any potential material irregularities that the AGSA has raised in the prior and current audit period. The amount of reliance on work performed by other assurance providers including use of work by the internal audit.
- During the performance of the audit, the AC's role should be one of oversight to ensure that there is progressing in terms of the agreed timelines. In addition, the AC's role includes:
  - o Performing a high-level review of the financial statements and performance reports to be submitted for audit, including obtaining assurance from internal audit or other assurance providers that the financial statements and performance report have been prepared in accordance with the applicable frameworks and agree to the underlying schedules as prepared by management.
  - o Engaging with management and the auditors to ensure that the documentation and explanations required by the auditors are being submitted in a timely manner.
  - o Availing themselves to management and the auditors to resolve any disagreements or disputes, where required.

- Once the audit is concluded, the audit outcomes are communicated to management through the management and audit reports. At this stage of the audit, the AC should:
  - o Thoroughly review the management and audit report, focusing on areas of disagreement between the auditors and management, limitations placed on the audit, findings that are impacting the auditor's report and risks areas.
  - o Discuss the findings with management and the auditors to identify the root causes and the remedies for compilation of the audit action plan.
  - o Assist management, where necessary, on management representations, subsequent events matters and going concern issues.
  - o Assess the findings from previous years as well as from other assurance providers for consistency and potential remedies.
  - o Review the correspondence with respect to any material irregularities that have been raised and advise the accounting officer/ authority on the actions to be taken.

Comment on its evaluation of the controls, the financial statements and the performance report in the **Audit Committee Report** included in the annual report

The **Audit Committee Report** plays a critical role in informing the view of users on the financial performance reporting of the public institutions and their general states of internal control in place. It is of importance that the various stakeholders in the oversight and assurance process play their roles and hold each other accountable. The AGSA and the AC have a critical role to play in the public institutions to ensure that the services are delivered according to their stated mandates.

**...the procurement processes of the entity should be followed with regards to the appointment of the auditor.**







# ADVOCACY

## Know your parliament: A call for active citizenry

Author: Odwa Benxa CA(SA)

Project Director: Public Sector at SAICA

**South Africa held its first democratic elections on 27 April 1994. This was followed by the adoption of the Constitution of the Republic of South Africa, 1996 in 1996 after a consultation process that was led by the Constitutional Assembly over a period of two years following the democratic elections.**

The Constitution is the supreme law of the Republic and any law or conduct inconsistent with it is invalid and all the obligations imposed by it must be fulfilled. Further, the Constitution recognises three arms of the state, namely:

- The executive which is made up of the President and the National Executive (Cabinet);
- Parliament which is the legislative arm; and
- The judiciary which consists of the Courts, such as the Constitutional Court, Supreme Court of Appeal, High Courts, Magistrates' Courts and other Courts established or recognised through an Act of Parliament

Chapter 4 of the Constitution deals with Parliament which is the focus of this article.

### Composition of Parliament

Parliament consists of the National Assembly and the National Council of Provinces (NCOP) who participate in the legislative process as set out in the Constitution. The National Assembly is elected to represent the people under the Constitution and achieves this objective through choosing the President, providing a

national forum for public consideration of issues, passing legislation and scrutinising and overseeing executive action.

The NCOP on the other hand represents the provinces to ensure that provincial interests are considered in the national sphere of government. This it does through participating in the national legislative process and providing a national forum for public consideration of issues affecting the provinces.

### Powers and functions

The National Assembly is given powers through section 56 of the Constitution. These powers include the consideration, passing, amendment or rejection of legislation and ensuring that all executive organs of state in the national sphere of government are accountable to it, that is, maintaining oversight over the executive and any organ of state (including provincial and local government organs of state). The NCOP similarly considers, passes, amends or rejects any legislation submitted to it.

Parliament establishes parliamentary committees which serve as a tool for the exercise of oversight and monitoring of the executive. For example, each department has a portfolio committee responsible for oversight over that department. This includes the consideration of annual reports and the Auditor-General's (AG) report on the department. The portfolio committee will invite the department to a briefing on the



audit outcomes and require management to respond to issues raised by the AG.

The portfolio committee particularly focuses on the service delivery aspects (performance information) of the annual report with specific focus on the organ of state meeting the set targets on the annual performance report against the approved budgets. The portfolio committees will also perform fact-finding visits as part of their oversight and monitoring activities.

One of the key committees of Parliament is the Standing Committee on Public Accounts (SCOPA). This committee considers the annual reports of the AG focusing on the issues raised in the audit report and corporate governance issues on organs of state. Further, SCOPA focuses on the unauthorised, irregular and fruitless and wasteful expenditure (UIFW) incurred by the organs of state and serves as a key accountability mechanism on the state organs that incur UIFW.

In addition to the Parliamentary committees, parliament utilizes the below tools to exercise oversight:

- **Budget votes** where the Ministers present each departmental budget vote for the following year after the Minister of Finance has announced the national budget. Committees will hold hearings on each department's budget to exercise oversight over the departmental expenditure in line with the allocated budget.
- **Questions for executive reply** where the President, Deputy President and the Ministers are asked questions by members in Parliament on areas they are responsible for. The replies may be written or oral.
- **Notices of motion** where members of parliament bring a motion on any issue for debate by Parliament which assists in their oversight functions.

### Getting involved

In exercising its powers, a key requirement by the Constitution is that Parliament must facilitate public involvement in its legislative and other processes and its committees. In addition, it must conduct its business in an open manner and hold sittings together with those of committees, in public.

SAICA believes that this is an important Constitutional requirement as it promotes public involvement into the business of Parliament. It allows the public to understand

the business of Parliament and make their voices heard on matters affecting the Republic. For example, legislation to be promulgated by Parliament goes through a consultation process where public views are sourced and considered in the development of pieces of legislation.

Parliament provides various ways in which the public may get involved, which include:

- **Submissions** where a member of the public can submit views on a matter or piece of legislation for consideration by a committee of parliament. These submissions must be written and may be supplemented by oral submissions. Written submissions must be submitted within the required turnaround time as determined by Parliament.
- **Petitions** where a member of the public may petition Parliament on matters of concern for consideration by Parliament.
- **Calling a Member of Parliament (MP)** where a member of the public may call an MP on a matter of interest.
- **Attendance of meetings, debates and public hearings** of Parliament and its committees to stay informed on matters discussed in Parliament.
- **Participation** in the People's Assembly, the Taking Parliament to the People programme, the Women's Parliament and the Youth Parliament.

SAICA calls on its members and the general public to take the opportunity to get involved in the business of Parliament and ensure that their views and opinions are heard in the formulation of legislation and the general direction of the Republic. This is a further call to become active citizens to drive the country agenda to become the change we want to see.



**The NCOP on the other hand represents the provinces...**



# TECHNICAL UPDATES

## Compliance

| Document   | Details   |
|--|---|
| <a href="#">2022 MTEF Guidelines for Public Entities</a>         | National Treasury has issued Public Entities guidelines for costing and budgeting for compensation of employees.  |
| <a href="#">National Treasury 2021 Annual report vote 8</a>      | National Treasury has published their 2020/21 Annual report.  |
| <a href="#">PPPFA Designated sectors circular 1 of 2021/2022</a> | National Treasury has published PPPFA Designated sectors circular 1 of 2021/2022 – Cement, to provide information to accounting officers (AOs) and accounting authorities (AAs) in terms of which they may procure the aforementioned products which have been designated as a sector for local production and content. |
| <a href="#">National Treasury 2020/2021 updated dashboard</a>    | National Treasury has published the updated dashboard for OAG Treasury Instructions, Practice Notes and Circulars.  |

## Audit and assurance

| Document                                   | Details  |
|--|--|
| <a href="#">Public Audit Act Directive</a> | The Auditor-General has issued Public Audit Act Directive in terms of section 13(3)(b) of the Public Audit Act, 2004 |

## Financial Reporting

| Document   | Details   |
|--|---|
| <a href="#">Joint communication on GRAP 103 Heritage Assets</a>            | ASB has published joint communication with National Treasury and AGSA on financial reporting of Heritage Assets - GRAP 103 Heritage Assets              |
| <a href="#">Directive 5 Determining the GRAP reporting framework</a>       | ASB has published Directive 5 Determining the GRAP reporting framework (1 April 2022) and accompanying documents.                                       |
| <a href="#">Review report on the results of the review of Directive 12</a> | ASB has published Review Report on the results of the review of Directive 12 on the selection of an appropriate reporting framework by public entities. |

## Calls for comments

| Document  | Institution                | Deadline        |
|---|----------------------------|-----------------|
| <a href="#">Modified Cash Standard for 2022/2023 for comment</a>                              | National Treasury          | 31 January 2022 |
| <a href="#">ED 194 - Exposure Draft on Proposed ASB's Work Programme</a>                      | Accounting Standards Board | 18 March 2022   |
| <a href="#">ED 195 - Exposure Draft on Proposed amendments to GRAP 103 on Heritage Assets</a> | Accounting Standards Board | 28 January 2022 |
| <a href="#">ED196 – Exposure Draft on Proposed due process handbook</a>                       | Accounting Standards Board | 31 March 2022   |





# TECHNICAL RESOURCES



## Useful Resources

| Title  | Developed by      | Description   | How to get it?                       |
|--|-------------------|---|--------------------------------------|
| <b>Frequently Asked Questions on the Standards of GRAP (updated November 2021)</b> | ASB               | These Frequently Asked Questions have been prepared by the Secretariat of the ASB in consultation with the technical division of the Auditor-General of South Africa (AGSA) and the Office of the Accountant-General at National Treasury (OAG) to assist preparers of financial statements on Standards of GRAP. | <a href="#">Click here to access</a> |
| <b>Directive 12 Factsheet</b>  | ASB               | This Fact sheet has been prepared by the Secretariat of the ASB on Directive 12 to provide guidance on Directive 12 on the selection of an Appropriate Reporting Framework by Public Entities.  | <a href="#">Click here to access</a> |
| <b>Modified Cash Standards (MCS) 2021/2022 high level summaries</b>                | National Treasury | The MCS 2021/22 high level summaries have been prepared and published by the National Treasury to provide guidance on the preparation of financial statements for 2021/2022 financial year by Departments.  | <a href="#">Click here to access</a> |
| <b>Updated Specimen Annual Financial Statements for 2021/2022</b>                  | National Treasury | The updated specimen annual financial statements for 2021/2022 has been prepared and published by the National Treasury to provide guidance on the preparation and presentation of departmental annual financial statements for 2021/2022 financial year.   | <a href="#">Click here to access</a> |
| <b>Updated FAQs on Modified Cash Standards (October 2021)</b>                      | National Treasury | The updated FAQs on Modified Cash Standards has been prepared and published by the National Treasury to provide guidance on the preparation of financial statements for national and provincial departments for March 2022 financial year.  | <a href="#">Click here to access</a> |
| <b>Non-authoritative guidance on the capitalization of Borrowing costs</b>         | IPSASB            | The non-authoritative guidance on the capitalization of borrowing costs has been prepared and issued by the IPSASB to provide implementation guidance and illustrative examples to IPSAS 5 Borrowing costs.   | <a href="#">Click here to access</a> |

## Calls for Nominations

| Institution  | Details  | How to apply?                       |
|--|--|-------------------------------------|
| <b>International Public Sector Accounting Standards Board (IPSASB)</b> | IPSASB has issued a call for nominations looking for volunteer candidates to serve for an initial term of up to three years, commencing January 1, 2023. Submit applications by 31 January 2022. | <a href="#">Click here to apply</a> |

# UPCOMING SEMINARS AND EVENTS



| Seminar and Event name                                       | Overview   | Region  | Book                               |
|--|--|---------|------------------------------------|
| <a href="#">Ethics in practice series</a>                    | In order to support our members in their compulsory regular ethics reflection, SAICA will be hosting a series of monthly ethics webinars, where thought provoking conversations will compel members to reflect on personal, business and professional ethics. The first session is on 10 February 2022, with Prof Thuli Madonsela and Journalist Mandy Wiener – discussing the challenges and possible solutions facing whistleblowers in SA.                          | Webcast | <a href="#">Click here to book</a> |
| <a href="#">2020-21 PFMA Audit Outcomes Feedback session</a> | This event will provide participants with an in-depth understanding of the 2020-21 PFMA audit outcomes. The AGSA will unpack the audit outcomes and the following will be analysed: National and Provincial outcomes analysis, Performance information, Compliance with key legislations, Supply chain management findings and root causes, Unauthorised, irregular and fruitless and wasteful expenditure and other important topics.                                 | Webcast | <a href="#">Click here to book</a> |
| <a href="#">CA of the future 2022 series</a>                 | The monthly CA of the Future 2022 series, powered by SAICA enabling competencies, provides insights and foresights into the changing dynamics of the profession and business, to help members gear up for the ongoing changes and disruptions. The series will be comprised of monthly sessions from February to November 2022, held on the last Tuesday of each month. The duration of each session will be a maximum two hours, with each session commencing at 9:00 | Webcast | <a href="#">Click here to book</a> |



# FEATURE PROFILE

## Driven to help ensure a better life for all

By: Monique Verduyn



**Sandiso Gcwabe, CFO of the Western Cape Liquor Authority, calls on peers to help bolster and strengthen the civil service.**

President Cyril Ramaphosa said earlier this year that the public service must be staffed by men and women who are professional, skilled, selfless and honest, committed to upholding the values of the Constitution, and serving no other cause than that of the public.

Lack of accountability, mismanagement and corruption are persistent problems in our public entities. As someone with ambitions to make a difference in the public sector, and to positively impact people's lives as a public servant, Sandiso Gcwabe, chief financial officer of the Western Cape Liquor Authority (WCLA), is deeply committed to his work, his aim being to improve operations and delivery of services.

His love for numbers, and his ability to analyse them, was ignited by passionate teachers at his primary and secondary schools in the Eastern Cape. Sandiso was in grade 11, at Msobomvu Senior Secondary School in Butterworth, when a team from Thuthuka, SAICA's programme to drive transformation in the chartered accountancy profession, held a workshop, introducing learners from schools around Butterworth to the idea of a career as a CA(SA) for the first time.

When Sandiso matriculated as the top student in the district and received a scholarship from the Eastern Cape Office of the Premier, it was a life-changing event. Being able to study at the University of Cape Town (UCT)

paved the way for him to better himself and have a career he could be proud of.

"I describe myself as a rural boy who went to a township school and a world-class university," Sandiso says. "UCT was a major transition for me. From an academic point of view, I coped well, but the social adjustment was quite a challenge. I was lucky to be in a residence where I met people from similar backgrounds and where there were support systems in place to help us deal with this new reality."

After graduating with a BCom in Financial Accounting degree, he joined the Western Cape office of the Auditor-General of South Africa (AGSA) where he completed his articles. This was his first foray into the public sector. While there, he completed his CTA through UNISA. He stayed at the AGSA until 2015 before moving to the Saldanha Bay Municipality on the West Coast.

"At the AGSA I was part of a team that wrote the general reports that came out after the municipalities' annual audit reports," he says. "The general reports analysed the drivers of the results and made recommendations about what ought to be done to turn around poor financial performance and audit outcomes. When in conversation with municipality leadership, they said we were good at making recommendations, and challenged us to implement the recommendations ourselves at municipal level. It was a challenge I could not resist."



Sandiso spent four years at the Saldanha Bay Municipality as the financial manager, learning to understand what it is like to be 'on the other side'. What was most refreshing, he says, was that instead of having to listen to excuses, he was able to remain true to the principles he believed would improve the operations of municipalities and achieve the results that were outlined in his earlier recommendations.

"As a financial manager, your contribution is similar to that of an auditor," he says. "You record and report on transactions after the fact – when the decision-making process has already been concluded. I wanted to be part of the planning, strategy development and decision-making process that happens at the beginning of the financial year because that is where the real opportunities to implement change lie."

In December 2019, he was appointed CFO at the WCLA. Moving from finance manager to CFO is one of the most natural career paths, with the financial expertise and managerial experience building a solid foundation to grow from. However, to truly rise through the ranks, you have to remould yourself from 'manager' to 'leader'. "I was ready to step into a strategic role," says Sandiso. "There was alignment between my career goals and the values of the WCLA."

The pandemic hit our shores just months after Sandiso joined the organisation. "I am proud of being part of the leadership team during a time of enormous uncertainty, and of being able to help change the perception of the entity, which contributed significantly to reducing alcohol-related harm during the national state of disaster brought on by COVID-19," he says. Sandiso has a track record of success, which includes leading the entity to two successive clean audits – an unqualified audit opinion with no findings – in the two years that he has taken on the CFO role. This is his fifth clean audit in the six years he has been in the public service.

The WCLA has increased licence fees and is moving closer towards its aim of self-sustainability, while reducing the harms associated with alcohol in a province where it is the most frequently abused substance. "Self-sustainability is important because taxpayers who do not have an interest in the liquor industry should not have to contribute

Sandiso says. "Our aim is to be part of a solution to reduce the negative impact of alcohol on citizens, while not unreasonably impacting the industry's contribution to the GDP or limiting prospective employment opportunities."

### **The need for professionalism and stability**

In public sector departments where there is leadership stability, audit outcomes tend to be positive and public funds can be accounted for. "We do not even begin to realise the need for the skills we have as CAs(SA) in the public entities," Sandiso says. "We speak about the skills gap, but seldom do we want to be part of the solution. What drives me is the ability to apply my skills instead of simply being a critic. I can evaluate processes and contribute to positive changes that have an impact on planning and resources and may alter the trajectory of the public sector in this country."

The core drivers of decay in the public sector, he says, are lack of skills, ethics and consequences for wrongdoing. "Imagine the role that ethical public sector professionals could play in undoing, correcting and preventing the wrongs that have been done," he adds.

Sandiso believes that public service is the key to unlocking the value that lies in the Constitution of this country. "It's inspiring to be part of something bigger than myself and to think about leaving a lasting legacy. I encourage young people to become part of the solution that South Africa needs."

# FEATURE PROFILE

## Auditor-General of South Africa creating a network for the audit profession

By: Ben-Johan Weideman CA(SA)

Business Unit Leader: People and Organisational Effectiveness at AGSA

**The Auditor-General of South Africa (AGSA) is the country's supreme audit institution and the only audit institution mandated by the Constitution to audit government's spend of the national fiscus. The AGSA has a workforce of more than 3 600 employees, many of whom are chartered accountants (CAs), and is one of the country's leading training institutions for auditors. The organisation was established in 1911, and over the years has developed into one of the most transformed institutions in the country with a workforce that is representative of the country's populace.**

The AGSA's trainee auditor scheme has assisted many CAs who have gone on to build successful careers both locally and abroad in the public and private sector. The organisation has established a pipeline which extends into its socio-economic development arm where learner support is provided to learners who study maths and accounting at selected high schools, as well as a bursary scheme and trainee auditor programme accredited by the South African Institute of Chartered Accounts (Saica).

The AGSA's audit trainees receive exposure to a diverse field of audits, including the banking, education, health, aviation, infrastructure and energy sectors. The organisation has an integrated audit methodology, with investigation, fraud and risk as well as performance audit built into its regularity audits. This is a strategy to deliver on the organisation's mandate, which is to audit financial information, compliance with key legislation, and performance information, which has ensured that

our auditors possess an integration of skills to become well-rounded auditors of the future.

Our organisation has offices in all the nine provinces, all of which meet requirements to ensure that our training programme is nationwide and allows great career opportunities for our young trainees who are looking to experience the offering of the country's different provinces. Apart from our unique and purposeful mandate that provides each employee the opportunity to strengthen our country's democracy, we offer competitive remuneration and a host of other benefits.

The AGSA is aware of, and also concerned about the industry-wide failure rate of African candidates in Saica's qualifier exams and has put in place a series of interventions to assist candidates to succeed. These interventions include rigorous engagements with all stakeholders (including Saica) to gain an understanding of the issues affecting candidates, tailor-made trainee exam support, and employee wellness support which focuses on holistic health as well mentoring. As an organisation, we remain steadfast in our efforts to ensure that our candidates succeed and to create a professional lifestyle that will contribute towards better pass rates, and ultimately a progressive profession.

The AGSA's goal is to contribute towards the audit profession via our trainee auditor programme. Once accredited, our trainees move on to explore various career paths in the public and private sector although we do retain a number of the newly accredited auditors. As an organisation, our goal is to continue creating

quality learning opportunities that make an impact, including the recent addition of our niche forensic learnership programme.

The AGSA is internationally recognised and forms part of the international organisation for supreme audits institutions where it currently chairs the capacity building committee. This international involvement brings incredible opportunities for knowledge sharing, learning and exposure for the AGSA and its employees. We ensure that we stay relevant and that our work has an impact – the change in our audit mandate through the amended Public Audit Act and the real-time audits of government's expenditure of the R500 billion Covid-19 relief funds are great examples of this.

Our work strengthens the country's democracy, builds public confidence, and ultimately benefits the receiver of services, namely the people of South Africa. For this, we have a resilient organisation with a strong foundation of integrity, professionalism and technical excellence,

focusing on people and good internal governance.

All these offerings and our commitment to excellence make the AGSA a good choice for any trainee auditor who wants to develop their career while serving their country. This is where purpose and effort are aligned, making for an ideal organisation with and a bigger purpose being part thereof.

“

**...our training programme is nationwide and allows great career opportunities for our young trainees...**

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# SAICA'S PUBLIC SECTOR OFFERING

SAICA has a dedicated public sector division to support members in the public sector. Members receive support as follows:



## 1 Thought leadership

Members receive regular thought leadership articles on emerging issues in accounting, assurance, governance, risk management, technology and other developments that may affect the future of the profession..

## 2 Technical Update

Members receive regular updates on SAICA social media platforms and a monthly newsletter outlining recent developments in standards and legislation.

## 3 Technical Resources

Members have access to guides, handbooks, tools, templates, and other resources to support them in the public sector.

## 4 Technical Support

Members are able to log technical queries on the [SAICA Online Technical Query System](#) and receive guidance from SAICA staff.

## 5 Seminars and Events

Complimentary and discounted access to [SAICA seminars and events](#).

## 6 The division is also responsible for:

- Advocating, lobbying and influencing for fit-for-purpose legislation, standards, policies, processes and systems in the public sector.
- Public Finance Management Capacity building projects to support the professionalisation agenda in public finance management.

## Meet the team



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