AN ANALYSIS OF THE CO-OPERATION BETWEEN THE OFFICE OF THE AUDITOR-GENERAL AND PROVINCIAL DEPARTMENTS IN THE PROMOTION OF EFFECTIVE PUBLIC ACCOUNTABILITY IN THE NORTHERN PROVINCE

Muvhango Lawrence Nevhutalu

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Study leader: Prof. APJ Burger

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I, the undersigned, hereby declare that the work contained in this assignment is my own original work and that I have not previously in its entirety or in part, submitted it at any university for a degree.

1 September 1999
The study project, conducted in the Northern Province, analysed the existing relationship between the Office of the Auditor-General and provincial departments to find out if it is conducive to the promotion of effective public accountability in the Province. The research was based on the understanding that there was no co-operation between these two public institutions, which is detrimental to good governance.

The hypothesis of the research is that internal factors between provincial departments and the Office of the Auditor-General prevent co-operation towards public accountability in the Province. Internal factors prevent co-operation, and this lack of co-operation causes unaccountability. The reasons underlying non-cooperation between these two public institutions had to be investigated through a set of research questionnaires.

The literature review gives a clear picture of the importance of co-operation between the provincial departments and the Office of the Auditor-General. These two public institutions are just two sides of the same coin and should work together in promoting efficiency and accountability in the public service. One side of the coin is not better than the other, thus without co-operation there cannot be harmony in the Province.

It came out from the research that most public officials lack training and commitment. The research therefore suggests that proper training for public officials in public financial matters be conducted and also that the mindsets of most of them be changed through proper motivation and education.

Commitment should flow from the Director-General to the various heads of departments and down to the functional staff. Senior officials should try to take a leading role in promoting and showing commitment at all times so that the junior staff members should follow accordingly. Once public officials and government auditors come to know that they are all working towards one purpose, but only from different angles, there will be co-operation and then the taxpayers will be comfortable that their taxes are well utilised and accounted for.
Ondersoek is uitgevoer in die Noordelike Provinsie om te bepaal of die huidige verhouding tussen die Ouditeur-Generaal en provinsiale departemente bevordelik is vir effektiewe openbare rekeningpligtigheid in die Provinsie. Die studie was gebaseer op die veronderstelling dat daar geen samewerking tussen die twee openbare instellings bestaan nie, wat nadelig is vir goeie regering.

Die veronderstelling van die navorsing is dat interne faktore tussen die provinsiale departemente en die Kantoor van die Ouditeur-Generaal swak rekeningpligtigheid in die Provinsie tot gevolg het. Interne faktore verhoed samewerking en hierdie gebrek aan samewerking veroorsaak ‘n gebrek aan rekeningpligtigheid. Die onderliggende oorsake van die gebrek aan samewerking tussen hierdie twee openbare instellings moes ondersoek word deur middel van ‘n stel vraelyste.

Die literatuur oorsig skep ‘n duidelike prentjie van die belangrikheid van gesonde samewerking tussen die provinsiale departemente en die Kantoor van die Ouditeur-Generaal. Hierdie twee openbare instellings wat dieselfde doel nastrewe, moet saam werk om effektiwiteit en rekeningpligtigheid in die staatsdiens te bevorder. Die een is net so belangrik soos die ander. Dus, sonder samewerking kan daar geen harmonie in die Provinsie wees nie.

Dit het uit die ondersoek geblyk dat die meeste openbare amptenare opleiding en toewyding kort. Die ondersoek stel dus voor dat behoorlike opleiding aan openbare amptenare betreffende openbare fisansiele aangeleenthede aangebied moet word, en dat die houding van die meeste van hulle verander moet word deur middel van behoorlike motivering en opvoeding.

Toewyding moet vloei vanaf die Direkteur-Generaal na die verskeie hoofde van departemente en af tot by die fiksionele personeel. Senior personeel moet te alle tye poog om die leiding te neem in die bevordering en tentoonstelling van toewyding sodat die junior personeellede hulle dit behoort na te doen. Sodra openbare amptenare en staatsouditeure tot die besef kom dat hulle dieselfde doel nastrewe, slegs van verskillende kante, sal daar samewerking wees en sal belastingbetalers gerus wees dat hulle belastinggeld behoorlik aangewend en verantwoord word.
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1. INTRODUCTION

This study project entails an analysis of the relationship between the Office of the Auditor-General and provincial departments in the Northern Province. The objective is to investigate if such a relationship is conducive to the promotion of effective public accountability in the Province.

This section will provide a general overview of the problem, problem statement, a hypothesis, as well as the area of research. The final part will deal with the explanation of the terminology to be used in this study project.

1.1 General overview of the problem

There is a strong feeling in the Northern Province that the existing relationship between the Office of the Auditor-General and the provincial departments is not conducive to the promotion of effective public accountability in the Province. The Office of the Auditor-General argues that public officials do not give it the necessary co-operation in that these officials are often unavailable for Audit Steering Committee meetings, payment vouchers are either misplaced or destroyed, financial statements are not submitted and management letters are not attended to at all. Public officials, on the other hand, argue that the attitude of government auditors towards them is often negative. They look only for mistakes or irregularities and that payment vouchers are always available for auditing.

1.2 Problem statement

Flowing from the above it is evident that the existing relationship between these two public institutions cannot result in the promotion of effective public accountability. It is the purpose of this study project to investigate both the provincial departments and the Office of the Auditor-General. How can these two institutions contribute towards the promotion of effective public accountability in the province? The existing relationship between these two public institutions will be analysed, the actual causes of non co-operation will be identified and some recommendations to improve the status quo will be made.
1.3 **Hypothesis**

The hypothesis of the research is that internal factors prevent co-operation towards accountability. Internal factors are the independent variables in this hypothesis, while co-operation towards accountability is a dependent variable. Internal factors prevent co-operation and the lack of co-operation causes unaccountability. The research should look at those factors that prevent co-operation between the Office of the Auditor-General and provincial departments. The study will look into whether the way these two public institutions interact shows commitment to public accountability and is acceptable to the taxpayers. The internal factors that prevent co-operation between these institutions, if found, will be used as a basis for making the necessary recommendations to help improve the situation.

1.4 **Research area**

The research will be conducted in all the provincial departments, internal audit and Office of the Auditor-General. The stakeholders will be the Director-General, all heads of provincial departments, one divisional head from each department, the Head of Internal Audit, the Provincial Auditor and five centre managers in the province.

1.5 **Report structure**

The report will include an introduction, theories on public accountability and auditing, description of the provincial audit in the Northern Province, operationalization of research questionnaires, research findings, evaluation and proposals for improving co-operation leading to a conclusion.

1.6 **Definition of terms**

Hereunder are the key terms that will be used frequently in the research and which need to be understood in their context:

I. **Public accountability** should be understood mainly as an obligation for public officials as well as political representatives to act and answer publicly for
II. An Accounting Officer is the head of a provincial department in whose name all financial transactions are undertaken and remains personally accountable for everything that takes place in his or her department.

III. The Provincial Auditor is the head of the Office of the Auditor-General in a province who represents the Auditor-General.

IV. Audit report is the Auditor-General's end product of an audit which usually includes financial statements, appropriation accounts and anything material which the Provincial Auditor believes to be of public interest and is tabled in the provincial legislature.

V. The Standing Committee on Public Accounts, made up of members from all political parties in the provincial legislature, scrutinizes the audit report, by obtaining detailed information from the executive authority regarding public financial matters, on behalf of the legislature.

### 2. THEORIES ON PUBLIC ACCOUNTABILITY AND AUDITING

#### 2.1 Introduction

In this chapter the study project starts by defining public accountability, then discusses the role of an accounting officer in the promotion of public accountability, the auditors' role in assuring public accountability and lastly discusses the role of the Standing Committee on Public Accounts (SCOPA).

#### 2.2 What is public accountability?

To be accountable means to give reasons and explanations of what one has or is doing (Normanton, 1966:1), therefore, it means that if one cannot give reasons for his or her actions, one is acting irresponsibly. Accountability ensures responsibility and promotes transparency. To ensure that funds authorised by the legislature for attaining community goals are used in the best interest of the electorate, accountability becomes vital in the public sector. Hence the need for public accountability (Hanekom & Thornhill, 1990:65).

Accountability is an obligation to answer for a responsibility conferred. It means
therefore that two parties are involved here: "one confers the responsibility and another accepts the responsibility and undertakes to report on how it has been discharged" (Loots, 1991a:2). It is "to give full account of all the delegated authority, functions and duties bestowed upon an official" (Botes, 1994:274). Hanekom and Thornhill (1983: 185) describe accountability as a "statutory obligation to provide Parliament with any available information to enable it to determine how executive actions have progressed". It means that account has to be rendered by the Provincial Executive to the Legislature justifying its government actions.

In their glossary, Cameron and Stone (1995: xi) describe accountability as being "required to render account by giving explanations" on how public funds were acquired and utilised and "to render account does not mean bookkeeping or to produce accounting records" but answerability or responsibility (Cloete, 1995: 153). The main aim of any public institution is to promote the general welfare of the community, so the actions of every public official should be of value to the public, and he or she should be able to give account in public for whatever action taken (Cloete, 1995: 70-71 and Schwella et al, 1996: 164).

Public accountability consists of a statutory obligation to provide any available information about financial administration to an independent and impartial body, the Office of the Auditor-General. This body has the right to report its findings to the legislature (Normanton, 1966:2). The cornerstone of democracy is that each political representative and each public official should be subject to accountability, meaning that they must all give account of their activities in public. This is the obligation to act responsibly and without ulterior motives at all times (Gildenhuys, 1993:56). It means that in a representative democracy, those who are put in power by the public are obliged to account for their actions in public; that is, they are held responsible for the public funds placed under their control (Schwella et al, 1996: 167).

Public accountability is "the obligation to answer publicly for the discharge of responsibilities that affect the public", and whereas "the obligation to act is the responsibility, the obligation to report is the accountability" (McCandles, 1993:14). This is one of the cornerstones of democracy. "In order to keep the voter informed, the accountability process must take place in public and by means of an institution
such as Parliament where the voter is represented" (Loots, 1991b:205).

The main idea behind public accountability is to prevent corruption and maladministration. When a public figure knows that he or she will account for his or her deeds in public, he or she will be obliged to act responsibly at all times. There is no room for secrecy and confidentiality in a democratic financial management as all transactions are conducted and accounted for in public (Gildenhuys, 1993:60).

Public officials who work in secrecy have more power than those who are answerable for their deeds in public as secrecy increases power and diminishes responsibility and accountability (Normanton, 1966:409). Public accountability enhances efficiency, effectiveness and economical use of voted funds.

Flowing from the above, it is evident that public accountability is a criterion to measure democracy. Those that are given charge of any public assets must account publicly for their use and should never act as if those assets are theirs. Public officials as well as political representatives must act in the best interest of voters-cum-taxpayers, failing which they must be dismissed from public institutions. Therefore public accountability is an obligation to act and answer publicly for responsibility conferred.

2.3 Role of an Accounting Officer in the promotion of public accountability

In order to prevent concentration of power in the executive, one of the principles of democracy, according to Cameron and Stone (1995: 5), is the separation of powers amongst the executive, the legislature and the judiciary. Whereas the legislature makes and approves laws, the executive authority sees to it that the policies of the government of the day are carried out and the judiciary interprets those laws. Among other things, every year the Provincial Legislature passes the Appropriation Act, which approves the annual budget of the Province and gives the provincial departments authority to collect and utilise public funds as approved.

The role of an Accounting Officer strengthens the principle of separation of power as the Member of the Executive Council will have no direct access to public
funds (Cameron & Stone, 1995: 66). The Accounting Officer is the head of the provincial department “in whose name all the financial transactions are undertaken” (Botes, 1994:274).

According to Section 24(4) of the Northern Transvaal Exchequer Act, 1994, (Act 3 of 1994) Financial Regulations issued by the National Minister of Finance by virtue of Section 38(1) of the Exchequer Act no. 66 of 1975, apply *mutatis mutandis* to the Northern Province until amended or appealed. The Northern Province Financial Regulations made under section 24 of the Northern Transvaal Exchequer Act, 1994, came into operation with effect from 1 March 1997, according to Provincial Gazette No. 229 Vol. 4, dated 14 February 1997. It is not the aim of this study project to enumerate all those financial regulations but a few need to be cited:

i) The Accounting Officer is responsible for identifying essential services which his or her department has to provide, for prioritising those services within the limits of the funds made available to him or her department and for planning in the most economical way to provide such services effectively.

ii) He or she is responsible for all expenditure under his or her vote(s) and should ensure that appropriate authority exists before incurring any expenditure.

iii) He or she should ensure that there are appropriate internal control measures over the utilisation of public resources in his or her department and that accurate accounting records, accounts and financial documents are kept.

iv) For every payment made from public funds the Accounting Officer must ensure that there is a voucher or order which will be made available to the Auditor-General at any time.

v) The Accounting Officer is responsible for replying to all audit queries.

vi) All losses and damages to public funds and property should be reported immediately to the Auditor-General.
vii) The Accounting Officer should obtain written Treasury Approval for all expenditure which is not normal in his or her functions.

The Accounting Officer is responsible for ensuring that funds allocated to his or her department are spent in accordance with the wishes of the legislature and also in an efficient, effective and economical way. He or she should see to it that public funds are "...spent within the legislative intent of the appropriation bills" (Herber, 1971:218).

Treasury instruction A.1.1 of the National Treasury makes it clear that "an Accounting Officer shall in an orderly and systematic manner adhere to statutory provisions, in the management and control of his or her department's financial and stores administration". He or she should in general be conversant with the main principles of control over public funds and property. Treasury Instruction A.2.7.4 expects him or her to be particularly conversant with sections 3 and 4 of the Auditor-General Act, 1995, (Act 12 of 1995), which are concerned with the functions and reports of the Auditor-General.

Also Treasury Instruction A.3.3 of the National Treasury is clear regarding stores and administration and control. It states that "an Accounting Officer is required to ensure that all staff involved in the control over the purchase of stores are fully conversant with stores requirements and that these requirements are executed in such a manner that will promote efficiency as far as possible in this important field". He or she should, in consultation with the Department of Public Service and Administration, ensure that his or her department is organised in such a manner that will enable him or her to carry out the duties assigned to him or her to the best possible way.

Finally, Financial Regulation 2.2 of the Northern Provincial Regulations [Northern Provincial Gazette, 1997] clearly states that the Accounting Officer shall not be relieved of his or her responsibility, for any irregular payment made under the directive of a head of a department who is not an Accounting Officer or by entrusting such responsibility to a subordinate person. He or she remains accountable for any
action in his or her department (Hanekom & Thornhill, 1990:66). He or she should ensure that his or her department is organised in such a way that all audit queries are attended to immediately by senior officers.

The following section looks at the role of State auditors in the Office of the Auditor-General in ensuring and enhancing public accountability.

2.4 State auditor's role in ensuring public accountability

The voters-cum-taxpayers, through their elected representatives, need an assurance that their taxes are economically, efficiently, effectively and legally spent in their best interest. They also need to be assured that public officers are under proper control and do not become laws unto themselves. The most effective form of public accountability is through the medium of an independent audit office which will bring to light and publish all irregularities in its audit report to the legislature (Normanton, 1966:409).

The public and even some members of the legislature have little or no idea what government auditing entails. Their interest is occasionally awakened by media reports such as newspapers and television but it soon evaporates as it is not based on any experience regarding the work and functions of State auditors.

2.4.1 What is auditing?

Audit is derived from the Latin verb "audire" which means "to hear". The Oxford Advanced Learner's Dictionary (Hornby, 1995: 67) explains audit as, "an official examination of the accounts of a company to see that they are true and correct". According to Craythorne (1994: 373), the purpose of an audit is "...to ensure that payments and receipts are handled and processed in a regular and lawful manner, to detect fraud, theft or misappropriation of money and assets, and to act as the public guardian generally over the manner in which public funds are disposed of and to ensure that all lawful steps and processes are observed".
According to Dickinson (1982:33), auditing is the examination of documentary evidence from which financial statements of an organisation were prepared. The aim of the investigation is to ascertain that the financial statements fairly present the correct financial transactions of that organisation that took place during the period under review. After investigation, the auditor should be able to express a professional opinion regarding the correctness of the financial statements. In expressing an opinion an auditor should be satisfied that his or her opinion is based on adequate audit evidence and has performed his or her work in accordance with generally accepted auditing standards.

An audit is a systematic and unrestricted examination of, among other things, books, accounts, vouchers and other records that will help one justify the facts relating to the subject under review by an independent auditor and to form an opinion as to the truth, fairness and completeness of the information disclosed regarding the subject (Dickinson, 1982:33-34). It should be borne in mind, however, that the auditor is not responsible for preventing an error or fraud. That is the responsibility of the management of the audited entity (Dickinson, 1982:20). It is also the responsibility of the legislature to decide what steps to take regarding discrepancies reported by the Auditor-General (Gildenhuys, 1997:47).

Auditing is an independent and objective assessment of the fairness of a management's representations on performance of an organisation (McCandles, 1993:14). The objectives of government audits vary and depend on the legal mandate and the approach. The common objective is "to serve an explicit or an implicit accountability relationship" between accounting officers and the legislators (McCandles, 1993:14).

According to Reed and Swain (1997: 301), auditing "provides mechanisms to review and evaluate what has been done in the past to determine whether public agencies keep accurate records, have adequate internal controls, meet legal requirements, and carry out administrative expectations". The main purpose of government auditing is to ensure that public funds are utilised only for the purposes they were appropriated for, to act as a control on the financial management system and possibly to uncover illegal actions (Reed and Swain, 1997: 302).
The aim of auditing is to ensure that financial statements as prepared by management of the audited entity, fairly present the financial position of the organisation and are not misleading. That is, after examining the relevant records the auditor should be able to express an opinion on the fairness or otherwise of the auditee’s financial statements. To express an opinion the auditor needs audit evidence about the reasonableness of information in the statements (Dickinson, 1982: 35-36).

An audit can uncover operational deficiencies by evaluating what the public institution has accomplished and the processes it used in achieving its objectives. It determines whether such a process was effective, efficient or economical in accomplishing the envisaged goals. In this way value-for-money auditing is carried out and management can use such information to improve its future operations (Reed & Swain, 1997: 302).

Just like a visit to the dentist, auditing is not appreciated by many public officials. Everyone knows the necessity of auditing in public institutions but no one likes it because the results are sometimes unpleasant. But on a positive note audit findings may help management improve its operations. It can help management correct record keeping problems, sort out internal control systems or manage shortcomings as well as correct illegal or inappropriate actions (Reed & Swain, 1997: 301).

A State auditor should not only concern himself or herself with whether a transaction is regular or in conformity with relevant legal and accounting requirements, but he or she should also aim at establishing whether public funds are utilized economically, efficiently and effectively. He or she should forecast on areas where inefficiency is being suspected and ensure that immediate steps are taken to prevent re-occurrence of the same irregularities while reporting timeously to the legislature (Hanekom & Thornhill, 1983: 193).

Auditing does not replace the administrative function entrusted to the public officials but only supplements it by providing them with more information to plan better and utilise resources more effectively. So, the impression that the State auditors only focus on mistakes should be discarded. Auditing as an aid for determining
efficiency and effectiveness of public activities can make a valuable contribution towards efficient delivery of public services or goods by public officials (Hanekom & Thornhill, 1990: 112).

The State auditor acts on behalf of the legislature, independently of the executive, and is not accountable to the Minister or Member of the Executive Council. He or she must conduct his or her "investigations in such a manner that keeps Parliament fully informed without trying to satisfy a Minister or shield government against possible adverse comments" (Hanekom & Thornhill, 1983: 194).

One should distinguish between internal and external audits. Internal audits are those conducted by audit personnel within an organisation who are responsible to the Chief Executive Officer or Accounting Officer of that organisation. They usually help in evaluating internal controls and operations and their reports are usually directed to the head of that organisation. Management can use internal auditors to investigate certain activities within an organisation and to give a report together with some recommendations for management to consider. Whatever management is not comfortable with in the organisation can be directed to internal auditors to investigate and report on. Internal auditors are useful in helping improve management and in planning activities for the organisation (Reed & Swain, 1997: 304).

External auditors are stationed outside the organisation and are not accountable to the management of that organisation. They are more independent than the internal auditors as they do not receive their instructions from the management of the auditee and their reports are not directed to management of that organisation. Only audit queries and management letters are sent to the auditees. Provincial departments are audited by the Provincial Auditor who is accountable to the Provincial Legislature. He or she can appoint audit firms to carry out certain audits on his or her behalf. All his or her audit reports are submitted to the Provincial Legislature for further scrutiny by the Standing Committee on Public Accounts.

The main difference between the internal and external audit is that the former is part of the management and is organised and directed by the management and reports as management decides, whereas the latter is completely independent and, subject
to the law, decides what and when to audit (Henley et al, 1992:266-267). Internal audit contributes to the probity and efficiency of the organisation from within whereas the external audit shares this objective operating from outside and also sees to the upholding of accountability.

2.4.1.1 Types of audits

Cameron and Stone (1995: 65) and Gildenhuys (1993: 496) classify audits into three general types; namely, accounting, appropriation and performance audits. Reed and Swain (1997: 306) classify them as financial, compliance, economy/efficiency and performance audits. Whereas accounting audit involves the examination of accounting records, the appropriation audit's objective is to ensure that public funds were used for the purpose they were appropriated by the legislature, and performance auditing looks into the economy, efficiency and effectiveness to determine whether the public received value-for money spent (Cameron & Stone, 1995: 65, Thornhill & Hanekom, 1995: 236-237, Gildenhuys, 1993: 496-504).

According to Reed and Swain (1997: 306), a financial audit is concerned with the systematic examination and evaluation of financial statements. That is, the financial systems, transactions and accounts of an organisation are audited so that one can express an opinion on their fairness in presenting the financial standing and operations of the audited entity. They explain compliance audit as an audit that is carried out to determine whether appropriate legislation and regulations are followed by the institution in carrying out its day to day activities.

Henley et al (1992: 253-254) state that a financial audit is intended to give assurance that the accounts fairly present the correct transactions, that public funds are utilised for the purpose intended by the legislators and that the expenditure was regular. This means ensuring that public funds were utilised as intended, with no irregular payment detected and that all the figures are correctly recorded.

The audits assigned to the Auditor-General are subjected to comprehensive auditing which consists of regularity and performance audits. Recently the Office has also embarked on forensic and environmental auditing. Regularity auditing is
concerned with the following tasks: examination and evaluation of financial records of public institutions, evaluation of financial administration and management, the audit of financial systems, transactions and accounts, evaluation of compliance with appropriate laws and regulations, internal controls and reporting to the legislature anything arising from this audit which the Auditor-General deems necessary to be disclosed. In other words, regularity audit is concerned with financial and compliance audits.

Performance auditing is concerned with economy, efficiency and effectiveness. Whereas economy has to do with the best cost of supplying a public service or good, efficiency is concerned with the efficient utilisation of resources such as financial and human resources, and effectiveness focuses on the actual output compared to the intended one. Efficiency is concerned with how things are done; that is, controlling wastage, and effectiveness determines the accomplishment of what was meant to be accomplished irrespective of the cost involved. Whereas economy has to do with the achievement of a given result with the least cost, efficiency imparts the idea of converting resources into a desired end product in the most advantageous ratio (Henley et al, 1992: 258, Gildenhuys, 1993: 501).

Economy and efficiency determines whether an organisation is utilising its resources in an economical and efficient way, and a performance audit attempts to determine if the organisation is accomplishing its mission and it does not concern itself with how efficient the organisation is. Overstaffing, duplication of work and unwarranted surplus of stock are some of the aspects that performance auditing looks into.

2.4.1.2 Auditing standards

According to Dickinson (1982:34), "auditing standards are measures of an acceptable level of quality of professional work, a general guideline to assist auditors in fulfilling their personal responsibilities". For audit reports to be consistent and have credibility, the audit planning, execution and reporting should be done according to some laid down and generally accepted auditing standards (Dickinson: 1982: 43). The Office of the Auditor-General carries out its audit functions in accordance with the laid down and generally accepted government auditing standards (GAGAS), based on the
auditing standards of the International Organisation of Supreme Audit Institutions (INTOSAI). Presently the Office is embarking on the application of the South African Auditing Standards (SAAS). It is just in its embryonic stage.

These auditing standards are based on the basic postulates for auditing standards. The basic postulates for auditing standards are the basic assumptions, consistent premises, logical principles and requirements that help in developing auditing standards and also help auditors in formulating their opinions particularly in cases where no specific standards apply. According to Botha and Gloeck (1998:50), "...postulates are the generally accepted prerequisites that serve as a basis for making deductions and drawing conclusions in order to describe an intellectual discipline, such as auditing." The main basic postulates according to section 5 of Intosai Auditing Standards can be summarised as follows:

i) The Office of the Auditor-General should comply with Intosai Auditing Standards at all times.

ii) It must apply unbiased judgement in the course of auditing.

iii) Existence of public accountability to managers of resources.

iv) Management is responsible for the correctness and sufficiency of the format and content of financial reports.

v) Whereas the Treasury should prescribe acceptable accounting standards for financial reporting and disclosure, the audited entities should develop measurable objectives and performance targets.

vi) Consistency in application of an acceptable accounting system.

vii) Existence of adequate internal control system.

viii) Existence of appropriate legislation to enable the auditor access to all available information.

ix) All audit activities to be within the audit mandate.

x) The Office of the Auditor-General should strive towards improving audit techniques and should avoid conflict of interest between the staff and the auditees.

The generally accepted government auditing standards are the general standards, the field standards and the reporting standards. The general standards deal with
training and proficiency, independence, due care and other relevant general standards such as quality control reviews. Field standards in government auditing constitute the following: adequate audit planning, supervision and review of staff and working papers, internal control evaluation and audit tests, obtaining relevant audit evidence and determining the existence of, and compliance with, acceptable accounting standards. The reviewing of working papers by a senior audit member helps the reviewer to determine that proper audit examination has been carried out, that everything has been documented in the appropriate working papers, and that relevant and reasonable audit evidence is in the audit file to help one to express an unbiased and informed opinion (Dickinson, 1982: 180-184).

At the end of each audit, the auditor is expected to prepare a written report, setting out the findings supported by complete and relevant audit evidence, hence the need for reporting standards as well. Reporting standards have to do with the identification of report relationship, scope and objectives of audit, legal basis and expression of opinion. Auditing standards are not aimed at prescribing rigid audit procedures but seek to ensure that highest quality of work performed, attainment of audit objectives and the successful carrying out of activity of the audit report. To accomplish this, they must be universal (Dickinson, 1982: 43-47 and Reed & Swain, 1997: 308).

2.4.1.3 Audit Steering Committee

An Audit Steering Committee is a committee set up by the Office of the Auditor-General, where senior members of the auditee and of the Office of the Auditor-General meet to discuss any audit related matters. In the Northern Province such committee meetings are attended by the Centre Manager, Audit Manager and team leader concerned from the provincial Office of the Auditor-General, and senior officials from provincial departments, such as the Accounting Officer or his deputy, head of finance in the department, departmental accountant, head of internal audit and an official from an audit firm where applicable. The Centre Manager usually acts as the Chairman. The main aim of the Audit Steering Committee is to establish good channels of communication between the Office of the Auditor-General and the auditee which result in good working relationships between these two parties. Possible matters that are discussed in these meetings include:
i) Identification of activities that warrant auditing that year.  
ii) Estimating audit costs.  
iii) Discussing any problems that come up during the auditing process.  
iv) Discussing draft management letters and audit report paragraphs.  
v) Creating opportunity for the auditee to give inputs regarding the audit.  
vi) Identifying contact persons from the auditee.

Audit Steering Committee meetings are held before the audit of a specific year starts in order to identify those activities that require audit attention. Ad-hoc meetings are also held during auditing to discuss any problems that crop up and also to discuss the progress of the audit itself. After finalising an audit, the Audit Steering Committee once again meets to discuss the audit findings and the draft management letter. Of late the Audit Steering Committee also convenes to discuss the audit report paragraphs before they are finally included in the audit report. All meetings have an agenda and the deliberations are documented and communicated to all members of this committee.

2.4.1.4 Audit Committee

The Audit Committee is exclusively a committee of the auditee which is mainly concerned with enhancing financial reporting and improving the system of internal control and accountability. It started in the private sector as a sub-committee of the Board of Directors and comprised of non-executive members of the Board of Directors. This was done to ensure independence and objectivity. In the public sector the Audit Committee comprises officers of the auditee only, including the head of internal audit. Officers from the Office of the Auditor-General only attend on the invitation of the Chairman who is usually an Accounting Officer. It is considered an important instrument of reviewing the performance of an organisation.

The functions and responsibilities of an Audit Committee are the following:

i) Reviewing of internal controls, audit reports, financial information and systems.  
ii) Monitoring of the effectiveness of management information, internal control systems and internal audit.
iii) Reviewing of and approving the scope of work of internal audits.
iv) Dealing with extra-ordinary transactions and fraud cases.

v) Monitoring the co-ordination between internal and external audits as well as audit fees.
vi) Enhancing co-operation and communication between management, internal and external auditors.
vii) Reporting all its findings and recommendations to management to which it is accountable.

The Audit Committee meetings’ deliberations and decisions are formally documented and communicated to all its members. A constructive and open working relationship with the Office of the Auditor-General is vital to the effective functioning of this committee and it is appropriate to invite government auditors to attend such meetings, as long as their independence is maintained. It is also vital for the Office of the Auditor-General to maintain a sound relationship with this committee to enhance communication.

2.4.2 Promoting public accountability through auditing

Because voters, most of whom are tax-payers, voted for members of the Provincial Legislature to look after their interests, they have “an inalienable, or unquestionable right to demand accountability from the legislative authority” for their actions (Erasmus & Visser, 1997: 241). The taxpayer has a right and a need to know how his or her taxes are spent and demands public accountability and transparency in government operations (Botes, 1994: 223). "... Political representatives and public officials alike are held accountable for the public funds placed under their control" and... "must account to the taxpayer and public at large for the way in which taxes and other public funds have been collected, kept safe, and spent (Schwella et al, 1996: 164).

The Accounting Officer is appointed to take charge of a budget vote allocated to his or her department and must "accept responsibility and accountability for any discrepancies, misappropriation and embezzlement" (Botes, 1994: 225). He or she must give account to the Auditor-General and the legislature of any funds misused in
his or her department. The primary responsibility for good financial administration of a provincial department lies with the head of each department and the Member of the Executive Council concerned. It is expected that heads of departments will ensure that internal controls and procedures exist to assure the adequacy of operations. Audit involves an examination of those systems followed by the auditee in order to evaluate and assess their adequacy; that is, if they are effective, efficient and economical (Savoie, 1996: 374).

The provincial annual budget is a good instrument for accountability. The Provincial legislature approves funds for public expenditure for every provincial department and manages expenditure thereof. It exercises formal control over public spending as well as the raising of Provincial revenue (Henley et al, 1992:78). It is here where the Office of the Auditor-General comes into the picture. The audit function in the Northern Province is performed by the Provincial Auditor and his staff. This Audit Office is an independent institution outside the public service and, as mentioned earlier, functions according to Section 188 of the Constitution of the Republic of South Africa, 1996, and Section 3 of the Auditor-General Act, 1995. It is responsible to Parliament and as such the legislators "can rest assured that public funds have been expended for the purpose intended and that no irregularities occur (Musgrave & Musgrave, 1989: 33). The Auditor-General is the watch-dog of the legislature and is expected to provide an assurance to the reliability and regularity of the Appropriation Accounts of each department (Henley et al, 1992:248).

Erasmus and Visser (1997: 240-242) make a distinction between legislative accountability and financial accountability as regards government budget. The legislative authority is answerable to the voters for any legislation dealing with financial matters. By passing the Appropriation Act, both members of the ruling and opposition parties in the legislature accept responsibility for tax-payers’ money hence legislative accountability.

The annual budget is approved by the legislature through the Appropriation Act, giving the executive authority mandate to utilize public funds only for the purpose for which the funds are budgeted. It means, therefore, that the executive authority has financial accountability to the legislature, to see to it that public funds are
correctly and legally spent and that revenue is collected as instructed by the legislature through the Appropriation Act. The obligation rests upon the legislature to see to it that the executive authority manages public funds in a good, sound and honest manner (Gildenhuys, 1997: 44).

As stated above, at the end of each financial year the Accounting Officer of each Vote is required by the legislature to prepare an Appropriation Account which shows the budgeted, as well as the spent, amount. Such Appropriation Accounts are submitted, together with explanations for any deviation in spending from the budgeted funds, to the Provincial Auditor. The Provincial Auditor will then undertake to certify the correctness of those accounts and the absence of fraud before presenting same to the Provincial legislature by means of an audit report (Loots, 1991a:4).

Auditing is carried out to determine whether such a report on a responsibility conferred is fair or not. When an auditor confirms the fairness of those financial statements he or she endorses and enhances the credibility of those statements. It is the Accounting Officer's responsibility, as mentioned earlier, to establish sound internal control of the use of public resources. The State auditor's responsibility is to verify, independently, that those controls are in place and are in fact effective, and to bring material shortcomings to the legislature by means of an audit report.

Parliament uses audit reports as basis for public accountability. The Provincial Legislature, through the Standing Committee on Public Accounts, scrutinizes the audit report and issues resolutions that must be implemented by the respective provincial departments. The Auditor-General maintains a closer and effective working relationship with the Standing Committee on Public Accounts and this relationship takes the form of a Committee, basing its investigation on the audit reports (Jones & Pendlebury, 1992: 214-215). From the audit reports, the Committee can determine which expenditure was fruitless, unauthorised or to what extent government policies were effectively realised (Erasmus & Visser, 1997: 243). Accountability of Accounting Officers is determined through questions that are raised by members of the Standing Committee on Public Accounts. This is during committee hearings when discussing audit reports. The Committee expects satisfactory replies, failing which the Accounting Officer and/or his Member of the
Executive Council (MEC) can be dismissed by the Premier on the recommendations of this Committee.

The Provincial Auditor is not charged with merely pointing out the shortcomings of officials but he or she is expected to also make necessary recommendations for the rectification of financial mismanagement or maladministration (Normanton, 1966: 415 - 416). Through management letters, the Provincial Auditor brings to the notice of an Accounting Officer any matter that came up during the auditing of the latter’s department that requires his or her attention and subsequent rectification. Usually the Accounting Officer is given time to prepare his or her response to the management letter before the matter is reflected in the audit report. Failure to respond in time or to give a satisfactory reply results in the matter being reported to the Provincial legislature, through the audit report. As stated earlier, the Auditor-General reports material issues that are required by law and also those that are of public interest.

It is a reasonable concern of the legislature, on behalf of the electorate, that public expenditure is made only for authorised purposes and conforms to high standards of probity (Henley et al, 1992: 292). It follows, therefore, that public auditing by the Office of the Auditor-General must pay careful attention to such issues. By auditing and reporting its findings, the Office of the Auditor-General endeavours to improve the level of accountability of public administration to the legislature.

The State auditor has a duty to consider whether, in the public interest, he or she should report any matter that comes to his or her attention (Coombs & Jenkins, 1994: 257). However, it should be borne in mind that it is not the duty of the auditor to question government policy, that should be left to politicians. His or her duty is to consider the effects of the policy and to examine the strategies through which policy decisions are reached. Clearly, in any policy decision, the decision-makers must have had objectives in their minds (Coombs & Jenkins, 1994: 260).

To reiterate the point made by Reed and Swain (1997:301), the main purpose of public auditing is to ensure that public funds were used for the purpose for which they were intended, and to act as a control on financial management system so as to expose illegal activity. The financial auditing verifies that the accounting records
accurately reflect what actually happened. The main function of an auditor is "to render independent and expert opinion on the fair presentation of financial statements" issued by the management of an organisation, which is an attest function. Attest function means to accept responsibility for the credibility of representations made by others. To fulfil this responsibility the auditor has to examine the evidence from which those financial statements were prepared to ascertain that the evidence fairly presents the transactions for the period under review and the fair financial position of the organisation at the time (Dickinson, 1982:33).

Audit reports should also provide managements with information that can help them improve their operations in future. Deficiencies uncovered through audit, if properly corrected by management, can help it use public funds more economically, effectively and efficiently (Reed & Swain, 1997: 302).

According to Hanekom and Thornhill (1990: 65 - 66), the head of the department is the Accounting Officer of that department and must account for his or her department’s expenditure in the legislature through the Standing Committee on Public Accounts. He or she is personally responsible for all expenditures in his Vote and cannot indemnify himself or herself on the grounds that misappropriation of funds was done by his or her subordinate. An “Accounting Officer should view financial responsibility as an important function so that parliament’s sovereignty in financial matters is maintained” (Thornhill & Hanekom, 1995: 128).

Auditing as a control measure “...can be successful only if it is utilised as an integrated part of a feedback and control system, allowing continuous control to be exercised”. The auditor should not be seen to be focusing only on mistakes but as a result of his or her functions he or she should devote more attention to possible malpractices and mismanagement (Thornhill & Hanekom, 1995: 237). Information contained in the audit reports is not only useful to the legislator but also helps the Accounting Officer to plan his or her future, as stated earlier. Furthermore, the taxpayers may use the information to call the Government to account for its deeds (Thornhill & Hanekom, 1995: 238).
It is evident from the above discussion that in a democratic society where members of the legislature are elected by the people, those elected and those in public offices should account to the electorate, in public, for their actions. To ensure public accountability, the Office of the Auditor-General as the watch-dog of the tax-payers, should audit all the activities of public representatives and officials. Any irregularity should be made public through the audit reports. The audit reports can have credibility only if the Audit Office acts independently of the executive and legislative authorities. The Office of the Auditor-General should act impartially, objectively and in an unbiased manner without threat of political interference.

Members of the Executive Council, along with their administrative heads or Accounting Officers, are entrusted with public funds and property which they are expected to utilize in the best interest of the electorate-cum-tax payers. All their actions should be public and they should be held answerable also in public. The Auditor-General only comes into the picture as the watch-dog of the tax-payers to ensure that those entrusted with public funds are utilizing them in accordance with the law and regulations of the country and are not wasteful. It is imperative that public officials and State auditors should work towards a similar goal of promoting the welfare of the community and not their personal needs.

2.5 Standing Committee on Public Accounts

After an audit of an activity together with the other related activities such as sending of a management letter to the Accounting Officer, reply received or otherwise, the Office of the Auditor-General compiles an audit report. The audit report may contain, among other things, unauthorised and fruitless expenditures, non-compliance with financial regulations, any financial mismanagement or administration, fraud, loss or damages to the Government. It may also contain the uneconomical, inefficient and ineffective acquisition and utilization of public funds, claims against the State, and appropriation statements together with the appropriate explanation of less or more spending coupled with the expression of an opinion by the Auditor-General. The audit report is submitted to the legislature as the Auditor-General is accountable only to the legislature. The Office of the Auditor-General "has no authority to demand
accountability directly from the executive authority" but only the legislature has such an authority (Gildenhuys, 1993: 94).

Not all members of the legislature have appropriate knowledge regarding public financial and accounting matters and as such they cannot all scrutinise the Auditor-General's reports. The Standing Committee on Public Accounts is tasked with this function. To allow for objective evaluation of the audit reports, the Committee on Public Accounts is constituted on a proportional basis of all political parties in the Provincial Legislature (Gildenhuys, 1993:95 and Hanekom et al, 1987: 96).

This Committee is not intended to serve party political needs, but to obtain detailed information from the executive authority regarding public financial matters on behalf of the legislature. The role of this Committee is to be the legislature's watchdog, so as to keep an eye on the actions of public officials and to determine responsibility for an executive action (Hanekom & Thornhill, 1983:206). Its main task is "to ascertain to what extent the directives of the legislature have been implemented and to obtain explanations from Accounting Officers concerning any irregularities" mentioned in the audit reports (Cloete, 1995: 162). Usually the responsible auditors and senior Treasury officials are present when Accounting Officers appear before this committee to render account, and this action takes place in open sessions.

According to Gildenhuys (1993: 96), the investigations which the Standing Committee on Public Accounts makes are aimed at determining the correctness and legality of the public accounts and financial statements, determining the legislative authority to collect and expend public funds, and whether the public " has received the largest possible benefits from the money made available for public services". The Standing Committee on Public Accounts does not take final and enforceable decisions but makes recommendations to the legislature which will ratify them accordingly.

2.6 Summary

This chapter has discussed the theories on public accountability and auditing. It has outlined the role of an Accounting Office in the promotion of public accountability as required by the Provincial laws and regulations. The State auditor's role in
ensuring public accountability as well as the different types of audits were also discussed. The auditing standards and the different types of committees that are important in the promotion of public accountability were thoroughly dealt with.

3. PROVINCIAL AUDIT IN THE NORTHERN PROVINCE

3.1 Introduction

This chapter discusses Accounting Officers and public accountability in the Northern Province, the internal audit unit and the Office of the Auditor-General in the Northern Province. The historical background of the Office, its statutory basis, vision and mission, organisational structure, independence and its functions will be outlined accordingly.

3.2 Accounting Officers and Public accountability in the Northern Province

The executive authority in this Province lies in the Premier and ten members of the Executive Council appointed by the Premier. Each member of the Executive Council is the political head of a provincial department who carries out the policies of the government and is also accountable to the legislature. Under each Member of the Executive Council (MEC) there is an administrative head who is designated an Accounting Officer by the Premier in terms of Section 16(1)(b) of the Northern Transvaal Exchequer Act, 1994, and is responsible for one or more Votes. Since 1994, after the democratic elections in the then Northern Transvaal, until 31 March 1997, the Provincial Director-General was the only Accounting Officer in the Province in terms of Section 16(1)(a) of the Northern Transvaal Exchequer Act, 1994.

With the exception of the Accounting Officers for Health and Welfare, as well as for Education, who are Superintendents-General, all other heads of departments or Accounting Officers are Deputy Directors-General. There is only one Director-General in the Northern Province and all heads of departments report to him or her. The Director-General is an Accounting Officer of the Office of the Premier and also the Provincial Accounting Officer.
There are now seven Regional Offices in the Northern Province and nearly each provincial department has a Regional Director who is the head of the Region. With few exceptions, many departments allow their Regional Offices to prepare and process payment vouchers. It means, therefore, that payment vouchers are found in Regional offices and audit is carried out there as well. After some irregularities concerning the ordering and payment of goods and services, the Department of Education, Arts, Culture and Sports, for example, decided to centralise everything at the Head Office, Pietersburg.

According to Section 16(2), of the Northern Transvaal Excheques Act, 1994, an Accounting Officer should “exercise the powers conferred upon him or her and perform the duties assigned to him or her by law, by financial regulations, by Treasury Instructions or by the Treasury”.

The Secretary of the Provincial legislature is also an Accounting Officer according to Section 19(2) of the Northern Province Legislature Service Act, 1997, (Act 3 of 1997). It is interesting to note that section 19(1) of the same Act clearly states that the control of the expenditure and the appropriation of moneys of the legislature are vested in the Speaker of the Province. Any reference in sections 14, 33 and 34 of the Exchequer Act, 1975 to an Accounting Officer is deemed to be reference to the Secretary of the Provincial Legislature, according to Section 21(a) of the Northern Province Legislature Service Act, 1997.

According to the 1998/99 Estimates of Expenditure and Revenue for the Northern Province, there were 14 Votes under 12 Accounting Officers who all operated from Pietersburg. Some Accounting Officers were responsible for more than one Votes, for example, Votes 7 and 12, which were for Health and Welfare respectively, fell under one Accounting Officer, the Superintendent-General.

In the Northern Province, the Treasury division, which falls under the Department of Finance and Expenditure, maintains the Exchequer Account with ABSA Bank. All revenue collected in the Province is deposited daily into this Account and the ABSA Bank is expected to render to the Treasury returns of Revenue deposited in this Account.
account on each appropriate working day, according to Section 3(2) of the Northern Transvaal Exchequer Act, 1994. The Treasury again keeps a Paymaster-General’s Account (PMG) with ABSA Bank and sees to it that all money appropriated by an Act are transferred to this Account from the Exchequer Account. Accounting Officers are granted credit by Treasury upon requisition, from the Paymaster-General’s Account, to meet their current expenses. The Treasury keeps an account for each Accounting Officer for all credits, deposits, disbursements and withdrawals.

Each Accounting Officer prepares estimates of expenditure for the following year for his or her department and submits them to the Treasury, which, after consultation with stakeholders, prepares the final provincial Estimates of Expenditure and Revenue to be submitted to the Provincial legislature by the Member of the Executive Council responsible for finance.

According to Section 4(5) of the Northern Transvaal Exchequer Act, 1994, the Member of the Executive responsible for finances should, every financial year, submit to the Provincial Legislature estimates of Revenue and Expenditure to be defrayed from the Provincial Revenue Account. It is the Treasury division in the Provincial department of Finance and Expenditure "which assumes the primary responsibility for the vast amount of work involved in the preparation" of the proposed Provincial budget (Herber, 1971: 296). These estimates are then approved by the legislature through an Appropriation Act, and such an Act authorises utilisation of public funds for a particular year which it expressly relates.

Once an appropriation bill is passed by the Provincial Legislature, provincial departments may start purchasing public goods and services, following Provincial Tender procedures as required, to perform their various functions. The Provincial Treasury releases funds in accordance with requisitions submitted by the various provincial departments (Herber, 1971: 298).

According to Section 14 of the Northern Transvaal Exchequer Act, 1994, within five months after the closing of the financial year, the Provincial Treasury is expected to prepare statements regarding all accounts in its control and submit them to the Auditor-General for examination. Unfortunately, this has never happened since
1994 as the Provincial Treasury has been unable to close the financial books. As a result, the Accounting Officers have also not submitted appropriation accounts and financial statements in respect of Votes under their control to the Auditor-General for examination.

According to Section 15(3) of the said Act, each Appropriation Account submitted to the Auditor-General should be accompanied by the following:

i) explanations of the causes of variation, in excess of two percent, between actual expenditure and the budgeted amount,

ii) an indication of any surplus amount to be surrendered or deficit,

iii) if there is any surplus, a statement that such surplus has been surrendered to the Treasury should be made,

iv) any balance in a suspense account that might form a charge against the Vote, should also be disclosed.

Section 15(4) clearly states that Appropriation Accounts should be personally signed by the Accounting Officer. This is where public accountability becomes important as these Accounts, after being audited for correctness and legality by the Auditor-General, are presented to the Provincial legislature by means of an audit report. The Accounting Officer accounts for every public money spent by his or her department and should be called to answer questions raised by members of the Standing Committee on Public Accounts.

The Office of the Auditor-General, as the watch-dog of tax-payers, plays a vital role in scrutinising, among other things, payments made by Accounting Officers or their delegated officials if they are regular or have the necessary Provincial Tender Board and Treasury approvals. He or she should also satisfy himself or herself that the service was in actual fact rendered and that the action was economical, effective and efficient.
3.3 Internal Auditors

In the Northern Province there is a Provincial Internal Audit Unit in the Office of the Premier which is headed by a Director who reports directly to the Provincial Director-General. This Internal Audit Unit, operating from Pietersburg, audits all provincial departments and submits its findings and recommendations to the head of the provincial department concerned, the Provincial Director-General and the departments affected by the report.

Unlike the Auditor-General who is accountable to the legislature, the internal auditors help the Provincial Director-General and different heads of departments in seeing to it that effective and reliable internal control systems exist in their institutions. Where the controls are seen to be wanting, the internal auditors are expected to help management to come up with an appropriate system. Where there seem to be some loopholes in the system; such as in stores control, revenue collection or in purchasing of goods and services; the internal auditors are expected to come up with a better control mechanism and to see to it that the proper laid down procedures are followed. Whenever there is a need for internal auditing, a head of a departments approaches this units for assistance.

The reports of internal auditors are helpful to the Auditor-General. Before going to audit any public institution, members on the staff of the Auditor-General scrutinise these reports to see if they are helpful in planning the extent of the audit. To rely or not to rely on these reports is another issue as the independence of internal auditors is sometimes questionable. An effective internal audit unit prompts the Auditor-General to rely more on controls hence less substantive tests. The internal auditor needs to be objective, independent and proficient to carry out his or her audit responsibility (Botha, 1999:3)

3.4 Office of the Auditor-General in the Northern Province

This section will focus on how the Office of the Auditor-General in Northern Province came into being. It will further look at the statutory basis of this Office, its vision and mission. The organisational structure of the Office of the
Auditor-General in the Province as well as its independence in conducting government auditing will also be looked into. The section will end up by discussing the functions of the Auditor-General in the Province as well as the audit process.

3.4.1 Historical background

Before democratisation of South Africa in 1994, there were four Audit Offices in the then Northern Transvaal, namely, Venda, Gazankulu, Lebowa and Pietersburg. Whereas Audit Offices in Gazankulu, Lebowa and Pietersburg were operating in terms of the Exchequer and Audit Act, 1975, Venda had its own Venda Exchequer and Audit Act, 1979, (Act 7 of 1979).

The Audit Matters Rationalisation and Amendment Act, 1995, abolished all the above-mentioned Audit Offices and established one Provincial Audit Office in Pietersburg in the Northern Province, under Head Office, the Office of the Auditor-General which is situated in Pretoria. The Office of the Auditor-General in the Northern Province is responsible for the auditing of all provincial departments, local governments and statutory bodies in the province, on behalf of the Auditor-General.

3.4.2 Statutory basis

As mentioned above, the Office of the Auditor-General in the Northern Province came into being as a result of the Audit Matters Rationalisation and Amendment Act, 1995. It functions in terms of Section 188 of the Constitution of the Republic of South Africa Act, 1996, and the Auditor-General Act, 1995. According to these enactments, the Auditor-General must audit and report on the accounts, financial statements and financial management of provincial state departments. He or she must also submit audit reports to the Provincial legislature and all his or her reports must be made public according to Section 4 of the Auditor-General Act, 1995.

When reporting to the legislature, the Auditor-General should, according to Section 5 of the Auditor-General Act, 1995, draw attention to material cases such as:
i) exceeding of grant or utilizing state funds for other purposes than those intended;
ii) uneconomical, inefficient and ineffective utilization of resources;
iii) the use of State property to the detriment of the State;
iv) unauthorised expenditure;
v) inefficient or ineffective internal control and management measures, and
vi) any matter which the Auditor-General deems necessary to be in the public interest.

3.4.3 Vision and mission of the Office of the Auditor-General

The vision of the Office of the Auditor-General is to be a leader in facilitating effective accountability through auditing on behalf of South African tax-payers. Its mission is to promote clear and transparent administration, effective and efficient utilization of resources and good governance.

In order to accomplish the above-mentioned vision and mission, the Office of the Auditor-General has to apply world-class, cost-effective and technologically advanced, independent audits and examinations. Timeous and objective reporting to the tax-payers, through the legislature, is of vital importance, hence continuous interactions with its auditees and its clients. The tax-payers and the legislature are the clients of the Office of the Auditor-General. To achieve success the Office recognises its people as its most important asset, fosters a multicultural and non-discriminatory environment and insists on performing its tasks with highest degree of professionalism.

The Office of the Auditor-General in the Northern Province can be said to be effective if it realises the above-mentioned vision and mission. The way the State auditors and their jobs are put together and their roles and relationships are defined, is an important determinant of whether this public institution will be successful or not (Robbins, 1987: 26)
3.4.4 Organisational structure of the Office of the Auditor-General in the Northern Province

The organisational structure of the Office of the Auditor-General in the Northern Province is as hereunder:

As stated earlier, the Office of the Auditor-General in the Northern Province is headed by the Provincial Auditor assisted by five Centre Managers. All 14 votes in the Province, local governments and statutory bodies have been divided among the five Centre Managers to audit them. Each Centre Manager has three or four Audit Managers with audit teams under them. Each Audit Manager and his team plan, execute and write management letters to auditees under the leadership of the Centre Manager. Seeing that this Office has only five hierarchical levels namely, the audit team members, team leaders, Audit Managers, Centre managers and the Provincial Auditor, the span of control is relatively narrow hence no difficulties in overseeing the actions of the operatives.

The fifth Centre manager is also responsible for training of personnel and controlling the budget of the whole Office, which means that all procurements and needs of the
Office are his responsibility. All five centres do regularity audits in Provincial departments, local governments and statutory bodies in the Province. They also audit agencies of national departments in the Province, such as Safety and Security and National Defence but they do so on behalf of the mother audit component in Pretoria. The Office of the Auditor-General in the Northern Province does not conduct performance audits and all activities that require such audits are referred to a unit in Pretoria that specialises in performance auditing only.

The Office of the Auditor-General in the Northern Province is situated in Pietersburg and all its staff members operate from there. When auditing regional offices, staff members usually travel daily between offices or stay there during the week, depending on the distance as other regional offices are far away and others are nearby.

As stated earlier, the Office of the Auditor-General in the Province functions in terms of Section 188 of the Constitution of the Republic of South Africa, 1996, and the Auditor-General Act, 1995. It does all the audit planning, execution and reporting in respect of all public financial activities in the Province. It also compiles audit reports in respect of provincial departments, local governments and statutory bodies. Audit reports in respect of provincial departments and statutory bodies are submitted to the Provincial legislature for scrutiny by the Select Standing Committee on Public Accounts. The audit reports in respect of local governments are directed to the respective Local Councils which have almost the same powers on local matters as what the Provincial legislature has on provincial matters.

According to section 11 of the Audit Arrangements Act, 1992, the accounts and activities of the Office of the Auditor-General are audited by any audit firm which is registered in terms of Section 15 of Public Accounts' and Auditors' Act, 1991, (Act 80 of 1991). Such audit firms are appointed by the Audit Commission in Pretoria, which is a body that controls the whole Office of the Auditor-General and whose members are appointed by the President of the Republic of South Africa. The audit firms that qualify to be appointed to audit the activities of the Office of the Auditor-General should not have performed any audit work for the Office during the period to be audited, according to section 40(11)(1), of the said Act. The Audit Commission,
which is accountable to Parliament, makes financial regulations and any regulations for the Office of the Auditor-General and it is the one that submits the audited financial statements of the Office of the Auditor-General to Parliament.

All staff-related matters are handled by the Staff Management Board in Pretoria, which consists of the Deputy Auditor-General, who is the chairman, and ten other persons designated by the Auditor-General. Seven of the ten members are senior officers in the Office of the Auditor-General: one is nominated by the Audit commission and the other is nominated by the Public Accounts and Auditors’ Board from among themselves, according to section 18 of the Audit Arrangements Act, 1992.

3.4.5 Independence of the Office of the Auditor-General

The most effective way to ensure public accountability is to use independent and impartial State auditors, who can bring to light and publish the unvarnished truth from the original source documents of a public institution. Government auditing is not an answer to everything but if it operates under proper legal protection, the public has some reasonable guarantees that serious financial mismanagement will be made public (Normanton, 1966:409 - 410).

The State auditors audit the executive on behalf of the legislature and as a result should be independent of the executive and be only answerable to the legislature (Jones & Pendlebury, 1992:214). Independence in auditing means that the auditors should adhere to the best auditing standards, with no compromising influence from the auditees, to ensure credibility of financial reports (Gallegos et al, 1987: 22).

According to Section 181 of the Constitution of the Republic of South Africa, 1996, the Auditor-General is independent and is subject only to the Constitution and the law. He or she must be impartial and exercise his or her powers and perform his or her functions without fear, favour or prejudice. It is further stated that other organs of State must assist and protect the Auditor-General to ensure his or her independence, impartiality, dignity and effectiveness.
Section 181 (4) of the said Constitution states clearly that no person or organ of State may interfere with the functioning of the Office of the Auditor-General. It is accountable only to the National Assembly where it must report on its activities and the performance of its functions at least once in a year.

The independence of the Office of the Auditor-General and his or her staff is secured by the procedure of his or her appointment and dismissal which is carried out by the President of South Africa, on the recommendation of at least sixty percent of the Members of the National Assembly, according to sections 193 and 194 of the Constitution. In turn, the Auditor-General appoints his or her staff, decides on his or her way of auditing, and members of his or her staff have their own conditions of employment different from those of the Public Service.

The Provincial Auditor, who is the head of the Audit Office in the Province, along with his staff function on behalf of the Auditor-General. He or she should be totally independent from both the Provincial legislature and the executive branches of government and should only act on behalf of his or her client, the tax-payers, through the Provincial legislature. In order to be effective and efficient in doing his or her work, the Provincial Auditor is expected to be independent, impartial and unintimidated. Independence is crucial if audit reports are to have credibility and authority. The State Auditor must always have in mind the interests of the tax-payers, as the providers of funds to pay for public goods and services. Based on this notion, all audit reports, once tabled in the legislature, are normally publicly available (Henley et al, 1992:248 -249).

In performing independent audit, the state auditor should rise above the interests of the auditee and concern himself or herself with the interests of the tax payer, who will be relying upon the audited financial statements (Dickinson, 1982: 15). To safeguard his or her integrity, the auditor should be honest and sincere in his or her approach to the work. When reporting on the fairness of the financial statements of the audited entity, an auditor should maintain an impartial attitude at all times, and to be effective the auditor must be fair by not allowing personal prejudice sway his or her
judgement (Dickinson, 1982: 17).

For an auditing body to be effective, it should be placed, organisationally, in a way that promotes its independence, autonomy and fearlessness. As stated earlier, the Constitution of the Republic of South Africa Act, 1996, together with the Auditor-General Act, 1995, allow autonomy and independence of the Office of the Auditor-General. It is the very essence of accountability that the auditee should not dictate terms to the auditor regarding which project needs auditing, but the auditor should decide and plan his or her audit independently (Normanton, 1966:308).

While it is important that the Office of the Auditor-General should remain independent from its auditees, it should, however, always create an atmosphere that is conducive to creating and maintaining good relationships between itself and public institutions. Good relationships can help auditors obtain information easily and faster. But a good relationship should not mean participation of auditors in the management matters of the auditees as that will make them part of the decision-making which will compromise their impartiality.

According to Dickinson (1982: 15-17), the term independence, cannot be pinned down to one precise definition, but embraces qualities such as integrity, impartiality, responsibility and sound professional judgement. The independence of an auditor is the backbone of the auditing profession and should be viewed as freedom from persuasion, influence or control by the auditee.

It is clear that the government auditor should be as independent as possible with regard to the auditing of activities of the people who are rendering account. Independence is indispensable for effective auditing. It is an attitude of mind and the auditor should be seen to be independent. Where there is doubt regarding the independence of an auditor his or her role as an auditor will no longer enjoy credibility. It is, therefore, vital that "the auditor be factually and visibly independent and that his actions should reflect this" (Loots, 1991b: 203).

A mere declaration by auditors that they are independent is not sufficient; what is important is that auditors must be seen to be acting independently (Gloeck,
What is of paramount importance here is that the auditor should have an independent mental attitude towards his or her work at all times. "The independent auditor has an obligation to be sufficiently transparent in order to convince the public that he or she has indeed performed an independent audit" (Gloeck, 1996: 18).

Normanton (1966: xvi) summarises the matter well when he states that "...without accountability there can be no independent audit, and ... without such an audit there is no genuine accountability.... No state auditor... can afford to be without independence, he needs it as a judge needs it, in order to be impartial and fearless in criticism. He also needs it in order to publicize his criticism in an open report" (Normanton, 1966:298).

Flowing from the above, it is clear that independence as an auditing standard requires that the Office of the Auditor-General be independent from the legislature, the executive and the audited entities. This will enable it to function impartially and without political influence. It should only draw the attention of the executive to whatever shortcomings it noted in the departments and make recommendations that can help improve the situation. The clients of the Auditor-General are the tax-payers, and the legislature and the provincial departments are the auditees or audited entities.

3.4.6 Functions of the Auditor-General in the Northern Province

The Provincial Auditor and his staff function on behalf of the Auditor-General and carry out their duties according to Section 188 of the Constitution of the Republic of South Africa Act, 1996, and section 3 of the Auditor-General Act, 1995. According to Section 188 of the Constitution, the Auditor-General must audit and report on the accounts, financial statements and financial management of all national and provincial departments and administrations, all local governments, and any other institution which is required by legislation to be audited by the Auditor-General. Furthermore, the Auditor-General may audit and report on the accounts, financial statements and financial management of any institution funded from public funds and any institution authorised to receive public money.
Additional powers and functions of the Auditor-General are derived from Section 3 of the Auditor-General Act, 1995. According to this section, the Auditor-General has been empowered to use his or her own discretion in determining the nature and extent of any audit he or she envisages to carry out and which statements of accounts he or she considers necessary. The cost of auditing in respect of all the accounts audited by the Auditor-General is met by the auditees, according to Section 8 of the Auditor-General Act, 1995.

Section 3(4) of the Auditor-General Act, 1995, clearly states that "The Auditor-General shall reasonably satisfy himself or herself that:

i) reasonable precautions have been taken to safeguard the proper collection of money to which an audit in terms of this Act relates, and that the laws and instructions relating thereto have been duly observed;
ii) reasonable precautions have been taken in connection with the receipt, custody, and issue of, and accounting for, property, money, stamps, securities, equipment, stores, trust money, trust property and other assets;
iii) receipts, payments and other transactions are made in accordance with the applicable laws and instructions and are supported by adequate vouchers;
iv) satisfactory management measures have been taken to ensure that resources are processed economically and utilised efficiently and effectively."

The Auditor-General is further empowered to summon any person in writing from the auditee to come personally before him or her and to produce any documentation or records he or she deems necessary to perform his or her audit function according to section 3(5) of the said Act. What is of significance here is that the Auditor-General or any member of his or her staff has the right to investigate whether any state property has been economically obtained and efficiently and effectively utilised.

According to Section 4 of the Auditor-General Act, 1995, the Auditor-General should submit a report to the legislature concerning the auditing of the accounts of a provincial department and statutory body established under provincial legislation. Copies of such reports should also be sent to the Member of the Executive Council
responsible for financial affairs, the chairperson of the statutory body or the Council and the Accounting Officer concerned. (Further source to this effect is by Cameron and Stone (1995: 64)).

3.4.7 Audit process

Because of the depth and breadth of this subject, the research project will dwell on what is done rather than how it is done. Auditing of provincial departments in the Northern Province is conducted by the Provincial Auditor and his staff, on behalf of the Auditor-General as stated earlier. Auditing is conducted in accordance with the Best Practice Guide Volume IV(2), which was issued by the Research and Development section of the Office of the Auditor-General in Pretoria. It is when the auditor understands the process under which the audit is conducted that he or she can be sure that the envisaged audit will accomplish what it is intended to. As mentioned earlier, the Auditor-General is empowered by Section 3 of the Auditor-General Act, 1995, to use his or her own discretion in determining which government activity to audit, the nature and extent of the audit and which audit approach to follow which he or she deems appropriate. Tierny referred to in Reed and Swain (1997: 309) states six steps in developing and conducting a public sector audit, namely:

i) gaining approval to conduct an audit;
ii) developing an audit plan;
iii) conducting an audit survey;
iv) reviewing and testing;
v) conducting a detailed audit; and
vi) preparing and issuing an audit report.

The typical audit phases according to Gallegos et al (1987: 41) are;

- "Preliminary review
- application analysis
- preliminary evaluation of internal controls
- compliance testing
- final evaluation of internal controls

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According to the Best Practices Guide, the audit process consists of three major phases; namely, planning, execution and reporting. As pointed out above, it is not the intention of this research project to discuss how an audit is carried out, instead it will briefly outline the steps that are followed in auditing provincial departments in the Northern Province. Perhaps it is worth mentioning that every audit work has to be documented on working papers which are continuously reviewed by a senior audit official and that the quality of the audit work is also reviewed by quality assurance officers from the Head Office.

3.4.7.1 Planning Phase

The audit planning phase is divided into strategic and detailed planning. The objective of strategic planning is to involve senior audit personnel in the audit planning, but without getting into too much details, to guide the junior audit members on what audit approach they should adopt and to focus attention on macro issues. The team leader and the Audit manager are usually involved in strategic planning under the supervision and direction of the Centre Manager. At this stage the auditors determine the acceptable level of audit risks and also the quantitative materiality figure, identify business units, cycles, components and assess inherent risks.

Under each cycle, like asset management for example, the auditor should also identify the accounts present in it, which might be fixed assets and stock in this case and then the relevant assertions. The auditor should always use his or her professional judgement in identifying assertions that are applicable within each account. Completeness, validity, proper amount and period are some of the assertions applicable to fixed assets account. He or she also has to understand the control environment and then develop an audit plan as well as the budget. At this stage the Centre Manager must review the planning documentation and approve it if satisfied.

It is appropriate here to explain what is meant by audit materiality and audit risks. According to Roberts and Dwyer (1998: 13), materiality is defined in the context of omissions or mis-statements in financial statements, which means that an omission or mis-statement is material if it can influence the judgement of any reasonable
user of those statements. Risk is the probability of losing something, which means that there is always a possibility of a financial loss if the auditor issues an erroneous opinion (Van Heerden, 1998: 18). The process an auditor follows in formulating an opinion on the fairness of financial statements consists of "...systematically gathering audit evidence to support the assertions included in the financial statements" (Botha, 1998:20). So, when the auditor is 95% sure that the financial statements are free of material errors, it means that there is a 5% risk that these statements contain a material error. Thus the auditor's assessment of materiality has a direct impact on how he or she should plan or execute the audit. He or she should plan and perform the audit in such a way as to limit an audit risk to an acceptable low level (Roberts & Dwyer, 1998: 13 and Botha, 1998: 20-21).

There are three types of audit risks namely; inherent, control and detection risks. Whereas the auditor cannot control inherent and control risks, he or she must be aware of them to help him or her in estimating materiality during the audit process. Detection risk is controllable as it stems from the errors that an auditor may commit during the audit process, such as rejecting a fair set of financial statements or accepting an unfair set of financial statements (Van Heerden, 1998:18).

After approval of the strategic plan by the Centre Manager, the audit team starts with detail planning. The first step lies in diagnostic procedures. These are means of increasing the auditors' understanding of a component and involves analysing information about the component to identify risks, potential weaknesses in the entity's systems or breakdowns in these systems that might have occurred (De Beer, 1998: 1).

What follows is a systems documentation and verification. Systems description may take the form of system notes, integrated narrative and evaluation of flow charts. The auditor documents the system as it is operated and then determines its adequacy. Once the adequacy of the system has been assessed, the extent of control reliance which the auditor wishes to place on the system to obtain audit assurance, can then be determined. Where the system is adequate, more compliance tests and less substantive procedures are done. But should it be inadequate, no reliance should be put on it and full substantive audit procedures must be done. When the system is
found to be medium, the auditor applies both compliance tests and normal substantive procedures.

The auditor then develops detailed audit programmes to test the controls; that is, compliance tests, and to verify the assertions in each account, which is substantive testing. Audit procedure matrix (APM) as part of detailed planning process is helpful. The APM is a schedule that links risk factors and procedures to the assertions within an account and helps the auditor in balancing audit risks, that is, whether high, medium or low risks.

3.4.7.2 Execution phase

To improve control over the audit and to ensure that each component is adequately addressed, the audit of a provincial department can be divided into four manageable cycles or components; namely:

i) appropriation accounts

ii) revenue

iii) asset management

iv) audit circular no. 1 items.

The execution phase of auditing involves compliance testing; to test control, and substantive testing; to obtain sufficient additional audit assurance to increase the overall audit assurance. In auditing asset management, for example, the audit objectives, according to the Best Practices Guide are:

i) "to form an opinion on the adequacy of controls over the receipt, custody, issue of, and accounting for stock, fixed and other assets;

ii) to establish whether the fixed asset register and stock listings fairly present the assets and stock controlled by the auditee."

As there are no financial balances that will be directly reported upon, the auditors will be concerned with the adequacy of controls over assets; that is, high reliance on controls and less substantive work. Where controls are seen not to be functioning adequately, an auditor cannot take reliance from compliance testing of controls and as such a full substantive approach will be adopted.
3.4.7.3 Reporting phase

Before the start of an audit, the audit steering committee comprising of senior audit staff and management of the auditee usually convene to discuss the envisaged audit. During the audit there are also ad-hoc meetings to discuss any problem that crops up and upon completion, the committee also convenes to discuss its audit findings. At the end of each audit state auditors prepare a draft management letter and at the audit steering committee meeting the audit findings are reviewed with the auditee. The management letter usually covers aspects such as weaknesses in the existing systems of financial and accounting controls, inadequate internal controls, inadequate records, any financial irregularities and mismanagement, any inefficiency, ineffectiveness as well as recommendations for possible improvements. It helps management to eliminate areas of weakness in its system and to improve future planning and internal controls (Gallegos et al, 1987: 281, Dickinson, 1982: 211 and Reed & Swain, 1997: 313).

During the final audit steering committee meeting where the audit findings and possible recommendations are discussed, the auditee has the opportunity to challenge the findings and to correct the auditor if errors are found. This meeting is valuable to both the auditor and the auditee since it provides an essential check on the accuracy of the audit report. On the basis of the deliberations in this meeting, the auditor may revisit his or her report and thereafter formally submit to the Accounting Officer the final management letter giving him or her some time to respond to irregularities in the letter. In the Northern Province copies of such management letters are sent to the Provincial Director-General, the head of the Internal Audit unit and to the departmental contact person. When the response is not forthcoming, the Provincial Auditor should send some reminders before finalising his or her audit report for submission to the legislature.

The Auditor-General's report is the end product of an audit and usually includes appropriation statements, anything material which he or she believes to be of public interest, and pointing out financial irregularities and mismanagement. Effective reporting promotes accountability. The audit report constitutes an audit opinion
concerning the financial statements. The opinion can take the form of unqualified opinion if the auditor has no reservations regarding the department’s financial statements, qualified if he or she takes some exceptions to certain accounting applications, adverse if the auditor believes the statements are misleading, or a disclaimer of opinion if he or she has been so restricted in his or her audit work that he or she cannot render an opinion (Dickinson, 1982: 206-208). It is vital that the audit opinion be honest and based on adequate evidence, and that is dependent upon the knowledge and judgement of the State auditor and the performance of his or her work in accordance with GAGAS or SAAS as explained earlier (Dickinson, 1982: 23).

The Auditor-General's reports regarding provincial departments in the Northern Province are submitted to the provincial legislature through the Member of the Executive Council for Finance for scrutiny by the Standing Committee on Public Accounts. Audit reports are not useful only to the legislature and Accounting Officers, but the interest groups may also use the information to call the government to account for its actions (Hanekom & Thornhill, 1983: 114).

3.5 Summary

Accounting Officers, who are heads of provincial departments are appointed by the Premier and are required to play a significant role in promoting public accountability in the Province. The Internal Audit Unit helps management by providing them with feedback on the quality of internal controls and performance. The flat organisational structure of the Office of the Auditor-General in the Province makes it effective as the span of control is narrow and supervisors have few people to control. Finally, it is the independence, integrity and knowledge of the State auditor that can result in a condensed, but comprehensive audit report.

The next chapter deals with the collection of data relevant to the research issue.
4. OPERATIONALIZATION OF RESEARCH QUESTIONNAIRES

4.1 Introduction

This chapter contains motivation for consulting specific stakeholders in the Province and how samples were chosen. It also explains the research instruments used in obtaining research data and the procedures followed. It ends up by discussing the problems encountered by the researcher in collecting research data.

4.2 Motivation for consulting key stakeholders in the Northern Province.

The way the key stakeholders in the Northern Province understand the concepts "public accountability and government auditing" is vital for this research project. The key stakeholders in question here are the Provincial Director-General, heads of provincial departments, divisional heads, head of the internal audit unit and the Provincial Auditor together with his Centre Managers. By finding out from these key figures their understanding of these two concepts and how each of them individually or collectively contribute to the promotion of effective public accountability in the Northern Province, the researcher will be able to arrive at an informed conclusion regarding the internal factors that prevent co-operation between the Office of the Auditor-General and the provincial departments.

It is important to first find out if these senior public figures realise that whatever they do should be aimed at promoting the general welfare of the public and also that they are accountable to the legislature which is comprised of elected political representatives, who represent the will and wishes of the people in the Province. If these senior public officials realise that they are there to serve the community, to acquire and utilize public resources economically, efficiently and effectively, and that they are expected to carry out legislative intentions, they will definitely understand the importance of the co-operation that should exist between the provincial departments and the Office of the Auditor-General in the Northern Province.

If these senior public figures do not realise or fail to understand that the provincial legislature is accountable to the voters-cum-taxpayers, that political and public officials are accountable to the legislature for all their actions and inactions,
and that the Provincial Auditor is there to see to it that public funds are utilized for the purposes appropriated for, they will not see the importance of close co-operation between the Office of the Auditor-General and the provincial departments. Therefore, these are the people who need to be first targeted by the researcher in order to establish their understanding of these important concepts, namely public accountability and government auditing.

Subsequently, therefore, the researcher will then try to find out from the same stakeholders what they understand by "Accounting Officer" and "Provincial Auditor" and what roles these public officials play in the promotion of public accountability in the province. If the stakeholders clearly understand the functions of these two public figures, then they should appreciate the need for close co-operation between the Office of the Auditor-General and the provincial departments. One cannot be expected to do one's best if one does not realise the importance of one's contribution towards the promotion of public accountability.

From the audit point of view, the researcher will have to find out if it is the practice of the provincial Office of the Auditor-General to involve other stakeholders in its audit planning, execution and reporting. The audit steering committee meetings play a vital role in this respect, hence the question whether audit steering committees and audit committees are held and how effective they are in the Province should be asked by the researcher. Stakeholders should also be asked about their understanding of the different roles of these two committees.

The research should also look into the role of the internal audit unit in the province. How this unit interact with provincial departments and also with the Office of the Auditor-General should be looked into. It should also be verified how provincial departments understand and differentiate the functions of the internal auditors and those of external auditors; that is, the Office of the Auditor-General.

The role played by the Provincial Director-General in the promotion of effective public accountability should also be looked into. His or her understanding of public accountability and of government auditing should also be ascertained. The research should find out how the Director-General treats audit management letters and
reports. It is the aim of this research to establish how he or she sees to it that provincial departments co-operate with the Office of the Auditor-General and how he or she personally interacts with that Office. How does she or he make effective use of the internal audit unit? Also his or her understanding and utilization of different committees should be looked into.

Finally the research will also examine the independence and competence of the Provincial Office of the Auditor-General. It will look into the way the Office of the Auditor-General conducts its audits. Is it professional? How does the Office of the Auditor-General interact with the provincial Director-General and heads of provincial departments? Is the Office of the Auditor-General acting as the watchdog of the legislature or as the bloodhound witch-hunting irregularities only?

4.3 Sampling

The sample, which, according to Brynard and Hanekom (1997:43), is a small portion of people selected from the population which is "...representative of the large group..." is taken from the abovenamed key players: the Director-General, heads of provincial departments, divisional heads, head of internal audit and the Provincial Auditor together with his Centre Managers. It means that two senior officials from each department, the Provincial Auditor and his five Centre managers, the Provincial Director-General and head of the internal audit unit, have been selected. This sample is quite representative as it includes all key stakeholders in the Northern Province. Another reason for choosing these senior public officials in the province is to limit the area of research to people who are influential in the province and to "...ensure maximum reliability and validity and the least bias ..." (Brynard & Hanekom, 1997: 47).

4.4 Research instruments and procedures

In order to ensure reliability of data, information from the above-mentioned key personnel in the Northern Province will be collected by means of questionnaires which are to be handed to each person to complete and post back to the researcher within the given time limit. The research questionnaire will first have the
blessing of the Director-General of the Province to ease any fears of the heads of departments, divisional heads and the head of the internal audit unit. The above-mentioned questionnaires are enclosed as Annexures A to E.

The researcher will also study the correspondence between the Office of the Auditor-General and the provincial departments as well as the Director-General and the internal audit unit. This is necessary so as to find out if provincial heads of departments respond to audit management letters, and, if they do respond, if the replies are relevant, prompt and satisfactory. Also, one will find out what follow-up steps the Office of the Auditor-General takes when replies are not forthcoming.

4.5 Problems encountered

The main problem encountered was to get hold of the respondents. Senior public officials are always said to be attending meetings. Even after reaching them it took about two months for some of them to return the completed questionnaires. It was quite interesting to find that most heads of departments were reluctant to complete the questionnaires and would come with all the excuses in the book not to commit themselves. Those who did not want to expose themselves, exercised their democratic right and did not fill in the questionnaires, which to the researcher, is a sign of the kind of management this province has.

Some senior officials were reluctant to complete the questionnaires and would refer them to their juniors to complete, citing lack of time on their part as the reason for their failure to complete the questionnaires. Some questionnaires were said to have not been received or were misplaced. The questionnaires were said to be too lengthy by some officials, hence they needed more time to complete them.

Patience on the part of the researcher in the end gave the required results. One had to keep on persuading respondents to complete the questionnaires until success was achieved. Research questionnaires, which were said not to have been received or were misplaced, were replaced immediately and signatures of recipients requested
accordingly. The importance of the research had to be explained to respondents time and again.

4.6 Summary

The understanding of public accountability by senior officers in the Province helps the researcher to identify their strengths and weaknesses and to come up with the necessary recommendations. People are not the same and that is why some senior officers did not complete the questionnaires. That is another sign of the kind of management the Province has.

5. RESEARCH FINDINGS

5.1 Introduction

This chapter discusses the research findings and their implications in relation to the hypothesis. In other words this chapter describes the findings and what implications findings have on the hypothesis as outlined before.

5.2 Description of findings

72% of the targeted senior public officers in the Province completed and returned the research questionnaires. Whereas the respondents have some idea of what public accountability is all about, ±54% of them seem not to have a clear picture of the roles of the Auditor-General and Accounting Officers in the promotion of public accountability. Whereas some respondents expect the Office of the Auditor-General to give financial guidance and suggests corrective measures to all departments, others expect it to “act as an independent evaluator of financial statements and financial position of the Province.”

Regarding the relationship between the Office of the Auditor-General and Provincial Departments in the Northern Province, while most of the respondents see the Auditor-General as co-operative, there are those who feel that the Auditor-General “plays the outdated role of a policing service with no or little value added to the Provincial
Government." On the other hand, the Office of the Auditor-General’s viewpoint is that co-operation from provincial departments is minimal and in some departments it is non-existent. The Office cited as evidence by the fact that from 111 management letters written to different departments in respect of the 1996/97 and 1997/98 financial years, only 35 replies were received as at 31 March 1999. Of the 35 replies received, only one was made within the specified time. He further pointed out that when requested to attend Audit Steering Committee meetings, most senior public officials often point out that they are engaged in other meetings and could not be available.

71% of the respondents agree that the audit reports fairly present the correct public financial state of affairs of their departments. One respondent thinks “the reports concentrate on irregularities only and a bit of generalisation” and another one feels that the Auditor-General “focuses too much on regularity and not enough on efficiency and effectiveness.”

All the respondents are unanimous on the necessity of government auditing in all public institutions. They also confirm that the Office of the Auditor-General does approach them before auditing their departments. However, there is a feeling from 11% of the respondents that the use of private audit firms to audit on behalf of the Auditor-General, should be avoided. This is because they are seen to be not fully conversant with public service activities and they therefore spend too much time on immaterial things.

The other finding is that members of the audit staff state that they encounter difficulties in tracing payment vouchers from provincial departments, but senior public officials argue that payment vouchers are well-kept and are always available for auditing. But when going through management letters written to departments, it becomes evident that payment vouchers are not made available when required for audit purposes. One wonders if this is not deliberate attempt to frustrate auditing procedures, over and above the obvious situation of negligence.

A serious observation made by the Office of the Auditor-General was that resolutions made by the Standing Committee on Public Accounts were not implemented. This is
definitely not in the taxpayers’ interest seeing that it frustrates the whole idea of public accountability and the necessity of government auditing.

Another observation made was that the Office of the Auditor-General in the Northern Province has never received any appropriation accounts from provincial departments as required by section 15(1) of the Northern Transvaal Exchequer Act, 1994. All respondents agree to the non-submission of Appropriation Accounts to the Auditor-General and blame the financial system in use in the Province which they claim cannot close the financial books.

As to whether senior public officers in provincial departments have the necessary know-how regarding public financial management, 83% of the respondents believe that they have the necessary expertise. Regarding the junior staff, the respondents are unanimous that further training is required to equip them with the necessary expertise concerning public financial administration. All respondents from the Office of the Auditor-General believe their auditors have the necessary experience and expertise to audit effectively and efficiently, and no contrary view has been expressed by the auditees.

58% of the respondents from provincial departments cannot clearly differentiate between Audit Committees and Audit Steering Committees. This is a clear indication that they do not attend such meetings. Respondents from the Office of the Auditor-General state that they do have problems in convening Audit Steering Committee meetings as senior public officials often do not make themselves available for such meetings.

Whereas the respondents seem to understand the difference between the Office of the Auditor-General and the provincial internal auditors, there are those who “do not see the purpose of internal auditors except for reporting the anti-fraud and corruption matters which they receive through the anonymous calls.” It is felt that the role and responsibilities of internal auditors need to be clearly defined as “they sometimes go about their work as if they are detectives or fraud inspectors”.

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5.3 Implications of findings in relation to the hypothesis

The implications of the findings in relation to the hypothesis are that the existing cooperation between the Office of the Auditor-General and Provincial Departments in the Northern Province is not conducive to the promotion of effective public accountability. Since top management in provincial departments agrees that government auditing is necessary for all public transactions, it is puzzling why departments fail to respond to management letters.

Most departments do not make payment vouchers available to State auditors: Departments claim that payment vouchers are always available for auditing, but management letters from the Office of the Auditor-General, to departments reveal the non-availability of such vouchers.

Whereas some respondents feel that the Office of the Auditor-General is doing policing rather than audit work, the Office of the Auditor-General claims not to have received any negative remarks regarding its audit staff members. The research has also shown that 71% of the senior public officers who have responded to the research questionnaires agree that the audit reports fairly present the correct picture of their respective departments.

Training in the field of public financial administration, as the respondents also agree, can help change the negative attitude of those who are unhappy with the work of government auditors. This is imperative when one considers the fact that public officials and State auditors are there to serve the interests of the taxpayers, effectively and efficiently.

5.4 Summary

Research findings show that there is a lack of commitment on most senior public officers in the Province. It is also clear that training on public financial management is a matter that needs the immediate attention of the Provincial Director-General in consultation with the Provincial Auditor. The implication of the findings in relation to the hypothesis is clear that the exiting co-operation between the Office of the
Auditor-General and the Provincial Administration does not promote effective public accountability.

6. EVALUATION AND PROPOSALS FOR IMPROVING CO-OPERATION

6.1 Introduction

This chapter evaluates the research findings and comes up with some recommendations that might help improve the status quo.

6.2 Summary of research problem

The research has looked into how senior public officers and senior audit personnel understand public accountability, the roles of Accounting Officers and the Auditor-General and that of government auditing in the promotion of public accountability. The data collected shows that most senior public and audit officials have an understanding of public accountability and the necessity of government auditing, but the perception by government officials of government auditing seems to be the underlying problem. There seems to be some mistrust that exists between the two public institutions which need to be identified and uprooted without further delay.

6.3 Recommendations

Data collected from senior public officers as well as State auditors prove that there is nothing wrong in having public institutions audited. But seeing that payment vouchers are not made available to auditors on request, the research argues therefore that most public officials in the province lack training in public financial administration to understand the importance of accountability for government spending. If they have the necessary knowledge regarding public financial matters, then the payment vouchers are misplaced or destroyed to prevent the auditors from detecting fraud and irregularities, which would deliberately thereafter be reported to the legislature. Heads of departments must be more involved in seeing to it that payment vouchers are well filed and traceable when required by auditors for audit purposes. It was stated in paragraph 2.2 (iv) above, that it is required of the
Accounting Officers to make payment vouchers available to the Auditor-General at any given time.

Heads of departments should be more committed to seeing to it that public monies are spent for what they were appropriated for. If there is nothing to hide and one is committed to one’s duty, there should be no problem in answering to audit management letters. It is wise to keep a register specifying when the management letter was received, who should attend to it, when should a reply be ready and who should verify the correctness of the information contained in the reply before sending it to the Office of the Auditor-General. Again it is the responsibility of the Accounting Officer to see to it that audit queries receive prompt attention in his or her department.

The Auditor-General should see to it that each and every department has an Audit Steering Committee, and should encourage departments to have audit committees. When there is an Audit Steering Committee, all problems pertaining to audit matters, from planning, execution, to reporting, will be addressed with the head of the department, immediately. Where the head of a department is not co-operating the Provincial Director-General should be approached for assistance as he or she remains the Provincial Accounting Officer. To say that some departments do not have Audit Steering Committees because senior public officials in those institutions do not make themselves available for such meeting, is not convincing enough.

Although not a prerequisite, no audit should be conducted without the prior knowledge of the auditee. This promotes a good working relationship and cooperation from the auditees.

Government departments cannot go on year after year without closing their financial books and submitting appropriation accounts to the Auditor-General. This is a serious omission and require the immediate personal attention of the Provincial Director-General. Public accountability is not complete without the production of financial statements as the bulk of public funds remain unaccounted for.
The Standing Committee on Public Accounts should see to it that its resolutions are carried out. Public accountability is not complete if resolutions by this Committee are not carried out.

6.4 Summary

Without proper training and commitment from the political heads, heads of departments and down to the functional government employees, there will be no effective promotion of public accountability in the Province. The Northern Province belongs to all who live in it and government officials and auditors should not regard their work as a favour to the people of the Province. By right, the taxpayer wants to know how his or her taxes are utilised and that every cent is accounted for in public.

7. CONCLUSION

In conclusion, the research has found that the co-operation that exists between the Office of the Auditor-General and the provincial departments does not promote effective public accountability. It has also been shown that most heads of departments are not fully committed to their work as they often do not attend Audit Steering Committee meetings nor reply to management letters. Others do not even know how many management letters were received or answered within any financial year.

The Provincial Director-General should, in consultation with the Provincial Auditor, arrange workshops for heads of departments where they are trained and properly introduced to the importance of a healthy co-operation between the provincial departments and the Auditor-General. A sound co-operation between these two public institutions should be seen as the unavoidable responsibility of both institutions. Any misunderstandings need to be brought to light and attended to immediately. Democracy is never complete without public officials accounting publicly for all their actions.
8. LIST OF REFERENCES

8.1 Books


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8.3 Acts

The Audit Arrangements Act, 1992 (Act 122 of 1992), Republic of South Africa
The Auditor-General Act, 1995 (Act 12 of 1995), Republic of South Africa


The Venda Exchequer Act, 1979 (Act 7 of 1979), Republic of South Africa.

8.4 Provincial Gazette

ANNEXURE A

RESEARCH QUESTIONNAIRE FOR THE PROVINCIAL AUDITOR

PROVINCE: ..........................................................................................

DATE: .............................................................................................

NB: You are hereby requested to answer all questions to the best of your knowledge to help
the researcher arrive at a rational conclusion and come up with reasonable
recommendations.

Information contained in this questionnaire is strictly confidential and the respondent will
under no circumstances be disclosed.

1. What is the position of the respondent?
   i) Provincial Auditor
   ii) Audit Centre Manager
   iii) Centre Manager

2. What do you understand by public accountability?
   Answer: .............................................................................................
   .............................................................................................
   .............................................................................................
   .............................................................................................
   .............................................................................................
   .............................................................................................

3. What is an Accounting Officer?
   Answer: .............................................................................................
   .............................................................................................
   .............................................................................................
4. What is the main function of the Provincial Auditor?
Answer: .............................................................................................
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.............................................................................................
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5. What do you think is the main function of internal auditing?
Answer: .............................................................................................
.............................................................................................
.............................................................................................
.............................................................................................
.............................................................................................

6. Do departments invite your senior audit members to audit committee meetings?
   Yes
   No
   Sometimes

7. Do your Centre Managers convene audit steering committee meetings while auditing provincial departments?
   Yes
   No

8. Do your auditors inform heads of departments in advance that they are to audit their activities?
   Yes
   No
   Sometimes

9. Do you personally attend audit steering committee meetings?
   Yes
   No
   Sometimes
10. Do your auditors discuss draft management letters with heads of departments before issuing final management letters?
   Yes
   No
   Sometimes

11. How much time do you give your auditees to respond to management letters?
   Answer: .................................................................................................
   .................................................................................................
   .................................................................................................
   .................................................................................................

12. Do you grant extension of time for auditees to respond to management letters, if so requested?
   Yes
   No

13. What do you do when departments do not respond to audit management letters?
   Answer: .................................................................................................
   .................................................................................................
   .................................................................................................
   .................................................................................................

14. Do you receive appropriation statements from Accounting Officers?
   Yes
   No

15. If yes, when last did you receive them?
   Answer: .................................................................................................
   .................................................................................................
   .................................................................................................
16. If no, what do Accounting Officers say is their problem of non-submission?

Answer: ............................................................................................. 
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

17. Do you think heads of provincial departments have enough exposure to public financial management?

Yes (elaborate).................................................................................................
........................................................................................................................................
No (elaborate).................................................................................................
........................................................................................................................................

18. Do you think departmental accountants have appropriate knowledge of public financial administration?

Yes (elaborate).................................................................................................
........................................................................................................................................
No (elaborate).................................................................................................
........................................................................................................................................

19. Do you think members of your audit staff are competent in public sector accounting and auditing?

Yes (elaborate).................................................................................................
........................................................................................................................................
No (elaborate).................................................................................................
........................................................................................................................................

20. Can you say members of your staff are independent enough when carrying out their audit function?

Yes (elaborate).................................................................................................
........................................................................................................................................
No (elaborate).................................................................................................
........................................................................................................................................
21. Do you get the necessary co-operation from provincial departments?
   Yes (elaborate) ............................................................................. □
   No (elaborate) ............................................................................. □

22. Do you think there is a sound relationship between the Office of the Auditor-General and Provincial departments?
   Yes (elaborate) ............................................................................. □
   No (elaborate) ............................................................................. □

23. Do you think the internal audit unit in the Province is effective and efficient in helping departments respond to management letters?
   Yes (elaborate) ............................................................................. □
   No (elaborate) ............................................................................. □

24. Do you get the necessary co-operation from the Provincial Director-General regarding replies to audit management letters by various departments?
   Yes (elaborate) ............................................................................. □
   No (elaborate) ............................................................................. □

25. Do you get the necessary co-operation from the Select Standing Committee on Public Accounts?
   Yes
   No
26. Are the resolutions taken by this Committee implemented?
   Yes
   No

27. If no, what do you do?
   Answer: ...........................................................................................................
   .....................................................................................................................
   .....................................................................................................................
   .....................................................................................................................

28. What areas of public accountability and government auditing do you think need further attention and how?
   Answer: ...........................................................................................................
   .....................................................................................................................
   .....................................................................................................................
   .....................................................................................................................

Thank you very much for your time, patience and honesty in answering this questionnaire.
ANNEXURE B

RESEARCH QUESTIONNAIRE FOR THE PROVINCIAL DIRECTOR-GENERAL

PROVINCE: .................................................................

PROVINCIAL DEPARTMENT: ........................................

DATE: ........................................................................

NB: You are hereby requested to answer all questions to the best of your ability to help the researcher arrive at a rational conclusion and come up with reasonable recommendations.

Information contained in this questionnaire is strictly confidential and the respondent will under no circumstances be disclosed.

1. What is the position of the respondent?
   i) Director-General
   ii) Superintendent-General
   iii) Deputy Director-General
   iv) Chief Director
   v) Director

2. What do you understand by public accountability?
   Answer: .............................................................................................

3. What do you understand by the words "Accounting Officer"?
   Answer: .............................................................................................
4. What do you think is the main function of the Office of the Auditor-General in the province?  
Answer: ........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................

5. Does the Office of the Auditor-General inform you in advance before starting auditing in your department?  
Yes  
No

6. After completing auditing in your department do state auditors discuss their findings in a draft management letter with you, before issuing a final management letter?  
Yes (elaborate if necessary)........................................................................
........................................................................................................
No (elaborate if necessary)........................................................................
........................................................................................................

7. Does your department have an audit committee?  
Yes  
No

8. If yes, do you keep minutes of audit committee meetings?  
Yes  
No

9. Do you personally attend audit steering committee meetings?  
Yes  
No
10. What is the difference between Audit Committee and Audit Steering Committee?
Answer: ............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 

11. Do you receive copies of management letters from the Office of the Auditor-General to various provincial departments?
Yes ☐
No ☐

12. What do you do when you receive copies of audit management letters of various departments?
Answer: ............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 

13. How do you see to it that various heads of department respond to audit management letters?
Answer: ............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 

14. How many audit management letters did you receive in respect of 1996/97 and 1997/98 financial years, concerning your department?
1996/97 ☐
1997/98 ☐

15. Of those management letters mentioned in 14 above, how many were responded to?
1996/97 ☐
1997/98 ☐
16. Of those replies mentioned in 15 here above, how many were made within the specified period?
   1996/7
   1997/8

17. Does the Office of the Auditor-General give you reasonable time to respond to its management letters?
   Yes (elaborate if necessary) ............................................................... 
   No (elaborate if necessary) ............................................................... 

18. Does the Office of the Auditor-General grant you an extension to reply to its management letters, if so requested?
   Yes
   No

19. Do you receive Audit Reports?
   Yes
   No

20. Do Audit Reports fairly present the actual financial position and financial administration of the Province?
   Yes (elaborate if necessary) ............................................................... 
   No (elaborate if necessary) ............................................................... 

21. Do you think the Select Standing Committee on Public Accounts in the Province is effective enough to ensure public accountability and why?
   Yes (elaborate if necessary) ............................................................... 
   No (elaborate if necessary) ...............................................................
22. Do you think heads of departments in the Province are well exposed to public financial management?
   Yes (elaborate).......................................................................................... 
   No (elaborate)..........................................................................................

23. Do you think departmental accountants have the necessary knowledge regarding public financial matters?
   Yes (elaborate)..........................................................................................
   No (elaborate)..........................................................................................

24. Do you think heads of departments and their departmental accountants need further training in public financial administration?
   Yes (elaborate)..........................................................................................
   No (elaborate)..........................................................................................

25. Do you get the necessary co-operation from the Office of the Auditor-General in the province?
   Yes (elaborate)..........................................................................................
   No (elaborate)..........................................................................................

26. Between the Auditor-General and you internal audit component, who do you think is more effective and efficient in auditing provincial departments?
   Answer: ...............................................................................................
27. What areas regarding public accountability and government auditing do you think need some improvement and how?

Answer: .............................................................................................
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.............................................................................................
.............................................................................................

Thank you very much for your time, patience and honesty in answering this questionnaire.
ANNEXURE C

RESEARCH QUESTIONNAIRE FOR THE HEAD OF INTERNAL AUDIT

PROVINCE: ............................................................... 

PROVINCIAL DEPARTMENT: ....................................... 

DATE: ........................................................................

NB: You are hereby requested to answer all question to the best of your ability to help the researcher arrive at a rational conclusion and come up with reasonable recommendations.

Information contained in this questionnaire is strictly confidential and the respondent will under no circumstances be disclosed.

Hereto attached is a letter of approval to conduct this research from the Provincial Director-General.

1. What is the position of the respondent?
   i) Deputy Director-General
   ii) Chief Director
   iii) Director

2. What do you understand by public accountability?
   Answer: .............................................................................................
3. What do you understand by the words "Accounting Officer"?
Answer: ............................................................................................. .
............................................................................................. .
............................................................................................. .
............................................................................................. .
............................................................................................. .

4. What do you think is the main function of the Office of the Auditor-General in the province?
Answer: ............................................................................................. .
............................................................................................. .
............................................................................................. .
............................................................................................. .
............................................................................................. .

5. What is the main function of internal auditing?
Answer: ............................................................................................. .
............................................................................................. .
............................................................................................. .
............................................................................................. .
............................................................................................. .

6. Are you a member of any audit committee?
   Yes   No

7. If yes, do you attend audit committee meetings and do you keep minutes thereof?
   Yes   No

8. Do you personally attend audit steering committee meetings?
   Yes   No
9. How do you differentiate audit committee from audit steering committee?
Answer: ......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................

10. Does the Office of the Auditor-General in the Province send you copies of management letters to various provincial departments?
Answer: ......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................

11. If yes, what do you do when you receive such copies?
Answer: ......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................

12. Do you help departments respond to audit management letters?
   Yes
   No

13. If yes, how do you help them?
Answer: ......................................................................................................................
......................................................................................................................
......................................................................................................................
......................................................................................................................
14. Do you receive Audit Reports?
   Yes
   No

15. If yes, what do you do with those reports?
   Answer: .............................................................................................
   .............................................................................................
   .............................................................................................

16. Do you think heads of departments in the Province are well exposed to public financial management?
   Yes (elaborate).............................................................................
   .............................................................................................
   No (elaborate).............................................................................
   .............................................................................................

17. Are departmental accountants well vested with public sector accounting?
   Yes (elaborate if necessary)........................................
   .............................................................................................
   No (elaborate if necessary)..............................
   .............................................................................................

18. Do you think heads of departments and / or departmental accountants need further training in public financial administration?
   Yes (elaborate).............................................................................
   .............................................................................................
   No (elaborate).............................................................................
   .............................................................................................
19. Do you get the necessary co-operation from provincial departments?
   Yes (elaborate).............................................................................
   ..............................................................................................
   No (elaborate)...............................................................................
   ..............................................................................................

20. Do you get the necessary co-operation from the Office of the Auditor-General in the Province?
   Yes (elaborate).............................................................................
   ..............................................................................................
   No (elaborate)...............................................................................
   ..............................................................................................

21. What areas regarding public accountability and government auditing do you think need some further attention and how?
   Answer: .............................................................................................
   ..............................................................................................
   ..............................................................................................
   ..............................................................................................

Thank you very much for your time, patience and honesty in answering this questionnaire.
ANNEXURE D

RESEARCH QUESTIONNAIRE FOR CENTRE MANAGERS

PROVINCE: .................................................................

DATE: ........................................................................

NB: You are hereby requested to answer all questions to the best of your knowledge to help the researcher arrive at a rational conclusion and come up with reasonable recommendations.

Information contained in this questionnaire is strictly confidential and the respondent will under no circumstances be disclosed.

Hereto attached is a letter of approval to conduct this research from the Provincial Auditor, Northern Province.

1. What is the position of the respondent?
   i) Audit Centre Manager
   ii) Centre Manager
   iii) Audit Manager

2. What do you understand by public accountability?
   Answer: .............................................................................................
   .............................................................................................
   .............................................................................................
   .............................................................................................

3. What is an Accounting Officer?
   Answer: .............................................................................................
   .............................................................................................
   .............................................................................................
4. What is the main function of the Auditor-General?

Answer: .............................................................................................
.............................................................................................
.............................................................................................
.............................................................................................
.............................................................................................

5. What is the main function of internal auditing?

Answer: .............................................................................................
.............................................................................................
.............................................................................................
.............................................................................................
.............................................................................................

6. Do all departments under your Centre have audit committees?
   Yes
   No
   Some

7. Do departments invite you to such audit committee meetings?
   Yes
   No
   Sometimes

8. Do you have minutes of such audit committee meetings?
   Yes
   No

9. Do you convene audit steering committee meetings while auditing provincial departments?
   Yes
   No
10. Do heads of departments attend audit steering committee meetings?
   Yes
   No
   Sometimes

11. Do you inform heads of departments in advance that you are to audit their activities?
   Yes
   No
   Sometimes

12. Do you discuss draft management letters with heads of departments before issuing a final management letter?
   Yes
   No
   Sometimes

13. Do you personally attend audit steering committee meetings?
   Yes
   No
   Sometimes

14. Do you keep minutes of audit steering committee meetings?
   Yes
   No

15. From the following who do you give minutes of audit steering committee meetings?
   i) Director-General
   ii) Heads of departments
   iii) Departmental Accountants
   iv) Head of Internal Audit in the Province
16. How many audit management letters were sent to your audited entities in respect of 1996/97 and 1997/98 financial years?

<table>
<thead>
<tr>
<th>AUDITEE</th>
<th>1996/97</th>
<th>1997/98</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

17. How many replies did you receive from the auditees as at 31/03/1999?

<table>
<thead>
<tr>
<th>AUDITEE</th>
<th>1996/97</th>
<th>1997/98</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. Of the replies mentioned in 17 above, how many were in time?

<table>
<thead>
<tr>
<th>AUDITEE</th>
<th>1996/97</th>
<th>1997/98</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

19. How much time do you give your auditees to respond to management letters?
Answer: ........................................................................................................................................
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........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

20. Do you grant extension of time for auditees to respond to management letters, if so requested?
   Yes
   No
21. What do you do when departments do not respond to audit management letters?
Answer: ............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 

22. Do you receive appropriation statements from Accounting Officers?
Yes
No

23. If yes, when last did you receive them?
Answer: ............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 

24. If no, what do Accounting Officers say is their problem of non-submission?
Answer: ............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 
............................................................................................. 

25. Do you think heads of provincial departments have enough exposure to public financial management?
Yes (elaborate)............................................................................. 
............................................................................................. 
No (elaborate)................................................................................ 
.............................................................................................
26. Do you think departmental accountants have appropriate knowledge of public financial administration?
   Yes (elaborate).............................................................................
   No (elaborate).............................................................................

27. Do you think members of your audit staff are competent in public sector accounting and auditing?
   Yes (elaborate).............................................................................
   No (elaborate).............................................................................

28. Can you say members of your staff are independent enough when carrying out their audit function?
   Yes (elaborate).............................................................................
   No (elaborate).............................................................................

29. Do you get the necessary co-operation from provincial departments?
   Yes (elaborate).............................................................................
   No (elaborate).............................................................................

30. Do you think there is a sound relationship between the Office of the Auditor-General and Provincial departments?
   Yes (elaborate).............................................................................
   No (elaborate).............................................................................
31. Do your auditees keep all payment vouchers?
   Yes (elaborate).............................................................................
   ................................................................................................
   No (elaborate).............................................................................
   ................................................................................................

32. Do you get all payment vouchers you request from your auditees in time?
   Yes (elaborate).............................................................................
   ................................................................................................
   No (elaborate).............................................................................
   ................................................................................................

33. Do you think the internal audit unit in the Province is effective and efficient in helping departments respond to management letters?
   Yes (elaborate).............................................................................
   ................................................................................................
   No (elaborate).............................................................................
   ................................................................................................

34. Do you get the necessary co-operation from the Provincial Director-General regarding replies to audit management letters by various departments?
   Yes (elaborate).............................................................................
   ................................................................................................
   No (elaborate).............................................................................
   ................................................................................................

35. Do you discuss audit report paragraphs with your auditees before inclusion of same in the Audit Report?
   Yes (elaborate).............................................................................
   ................................................................................................
   No (elaborate).............................................................................
   ................................................................................................
36. Do you get the necessary co-operation from the Select Standing Committee on Public Accounts?
   Yes
   No

37. Are the resolutions taken by this Committee implemented?
   Yes
   No

38. If no, what do you do?
   Answer: .............................................................................................
          .............................................................................................
          .............................................................................................
          .............................................................................................
          .............................................................................................
          .............................................................................................

39. What areas of public accountability and government auditing do you think need further attention and how?
   Answer: .............................................................................................
          .............................................................................................
          .............................................................................................
          .............................................................................................
          .............................................................................................

Thank you very much for your time, patience and honesty in answering this questionnaire.
ANNEXURE E

RESEARCH QUESTIONNAIRE FOR HEADS OF DEPARTMENTS

PROVINCE: .................................................................

PROVINCIAL DEPARTMENT: ........................................

DATE: ........................................................................

NB: You are hereby requested to answer all questions to the best of your ability to help the researcher arrive at a rational conclusion and come up with reasonable recommendations.

Information contained in this questionnaire is strictly confidential and the respondent will under no circumstances be disclosed.

Hereto attached is a letter of approval to conduct this research from the Provincial Director-General.

1. What is the position of the respondent?
   i) Superintendent-General
   ii) Deputy Director-General
   iii) Chief Director
   iv) Director

2. What do you understand by public accountability?
   Answer: ...

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3. What do you understand by the words "Accounting Officer"?
Answer: ..............................................................................................
..............................................................................................
..............................................................................................

4. What do you think is the main function of the Office of the Auditor-General in the province?
Answer: ..............................................................................................
..............................................................................................
..............................................................................................
..............................................................................................

5. Does the Office of the Auditor-General inform you in advance before auditing your department?
   Yes
   No

6. After completing auditing does the Auditor-General staff discuss its findings with you before issuing a management letter?
   Yes (elaborate if necessary) ............................................................... 
   No (elaborate if necessary)................................................................

7. Do you think government auditing is necessary in all public institutions?
   Yes (elaborate if necessary) ............................................................... 
   No (elaborate if necessary)................................................................
8. Do you keep all your payment vouchers for audit purposes?
   Yes (elaborate).............................................................................
   ...........................................................................................................
   No (elaborate).............................................................................
   ...........................................................................................................

9. When auditors request for some payment vouchers, do you submit them all in time?
   Yes (elaborate if necessary)..............................................................
   ...........................................................................................................
   No (elaborate if necessary)............................................................... 
   ...........................................................................................................

10. Does your department have an audit committee?
    Yes
    No

11. If yes, do you personally attend audit committee meetings?
    Yes
    No

12. Do you keep minutes of audit committee meetings?
    Yes
    No

13. Do you personally attend audit steering committee meetings?
    Yes
    No

14. What is the difference between audit committee and audit steering committee?
    Answer: .............................................................................................
    ...........................................................................................................
15. Do you receive minutes of audit steering committee meetings of your department?
   Yes
   No

16. Do you receive audit management letters?
   Yes
   No

17. What do you do when you receive audit management letters?
   Answer: ............................................................................................. 
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

18. Do you keep a register of audit management letters?
   Yes
   No

19. How important are management letters to you?
   i) Very important
   ii) Important
   iii) Just like any other official letters
   iv) Of no special significant

20. How many audit management letters did you receive in respect of 1996/97 and 1997/98 financial years?
    1996/97
    1997/98

21. Of the management letters mentioned in 20 above, how many were responded to as at 31/03/1999?
    1996/97
    1997/98
22. Of those replies mentioned in 21 above how many were made within the specified period?
   1997/98
   1998/99

23. Does the Office of the Auditor-General give you reasonable time to respond to its management letters?
   Yes
   No

24. If no, how long time should you be given to respond to management letters, before an Audit Report is finalised?
   Answer: .................................................................
   .................................................................
   .................................................................
   .................................................................
   .................................................................

25. Do you request for extension of time if you cannot finish preparing your response within time given?
   Yes
   No

26. If yes, does the Office of the Auditor-General grant you such an extension?
   Yes
   No

27. In your department, who sees to it that all audit management letters are responded to timeously?
   Answer: .................................................................
   .................................................................
   .................................................................
   .................................................................
   .................................................................
   .................................................................
   .................................................................

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28. Do you submit appropriation statements to the Office of the Auditor-General?
   Yes
   No

29. If yes, when last did you submit them?
   Answer: ............................................................................................. .
   ............................................................................................. .
   ............................................................................................. .

30. If no, what is the problem?
   Answer: ............................................................................................. .
   ............................................................................................. .
   ............................................................................................. .

31. Do you receive Audit Reports?
   Yes
   No

32. What do you think is the use of Audit Reports?
   Answer: ............................................................................................. .
   ............................................................................................. .
   ............................................................................................. .
   ............................................................................................. .

33. Do you think Audit Reports fairly present the correct public financial administration of your department?
   Yes (elaborate)....................................................................................
   ............................................................................................. 
   No (elaborate).................................................................................
   ............................................................................................. 

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34. What do you think is the main function of the Select Standing Committee on Public Accounts?
Answer: ...................................................................................................................
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...................................................................................................................

35. Are you well exposed to public financial management?
Yes (elaborate) ..................................................................................................
...................................................................................................................
No (elaborate) ..................................................................................................
...................................................................................................................
...................................................................................................................

36. Do you think your staff have the necessary knowledge regarding public financial administration?
Yes (elaborate) ..................................................................................................
...................................................................................................................
No (elaborate) ..................................................................................................
...................................................................................................................
...................................................................................................................

37. Do you think your staff need some further training in public financial matters?
Yes (elaborate) ..................................................................................................
...................................................................................................................
No (elaborate) ..................................................................................................
...................................................................................................................
...................................................................................................................

38. Do you get the necessary co-operation from the Office of the Auditor-General?
Yes (elaborate) ..................................................................................................
...................................................................................................................
No (elaborate) ..................................................................................................
...................................................................................................................
39. Do you think there is a sound relationship between your department and the Office of the Auditor-General?
   Yes (elaborate) ..........................................................................................................................
   No (elaborate) ..........................................................................................................................

40. How do you see the Office of the Auditor-General as compared to the Internal Auditors in the Province?
   Answer: ........................................................................................................................................

41. What areas regarding public accountability and government auditing do you think need some improvements and how?
   Answer: ........................................................................................................................................

Thank you very much for your time, patience and honesty in answering this questionnaire.
ANNEXURE F

RESEARCH QUESTIONNAIRE FOR DIVISIONAL HEADS

PROVINCE: ...................................................................................

PROVINCIAL DEPARTMENT: ...........................................

DATE: .....................................................................................

NB: You are hereby requested to answer all questions to the best of your ability to help the researcher arrive at a rational conclusion and come up with reasonable recommendations.

Information contained in this questionnaire is strictly confidential and the respondent will under no circumstances be disclosed.

Hereto attached is a letter of approval to conduct this research from the Provincial Director-General.

1. What is the position of the respondent?
   i) Deputy Director-General
   ii) Chief Director
   iii) Director
   iv) Deputy Director

2. What do you understand by public accountability?
   Answer: ......................................................................................
   .............................................................................................
   .............................................................................................
   .............................................................................................
   .............................................................................................
3. What do you understand by the words "Accounting Officer"?
Answer: ............................................................................................. .
.........................................................................................................

4. What do you think is the main function of the Office of the Auditor-General in the province?
Answer: ............................................................................................. .
.........................................................................................................

5. Does the Head of your department inform you in advance that auditors will be coming to audit your division or section?
   Yes
   No

6. After completing auditing does the Auditor-General staff discuss its findings with you before issuing a management letter?
   Yes (elaborate if necessary) ............................................................... .
   No (elaborate if necessary)................................................................. .

7. Do you think government auditing is necessary in all public institutions?
   Yes (elaborate if necessary) ............................................................... .
   No (elaborate if necessary)................................................................. .
8. Do you keep all your payment vouchers for audit purposes?
   Yes (elaborate)............................................................................. 
   No (elaborate)............................................................................. 

9. When auditors request for some payment vouchers, do you submit them all in time?
   Yes (elaborate if necessary).............................................................. 
   No (elaborate if necessary)............................................................... 

10. Does your department have an audit committee?
    Yes
    No

11. If yes, do you personally attend audit committee meetings?
    Yes
    No

12. Do you keep minutes of audit committee meetings?
    Yes
    No

13. Do you personally attend audit steering committee meetings?
    Yes
    No

14. What is the difference between audit committee and audit steering committee?
    Answer: ............................................................................................. 
    ................................................................................................
15. Do you receive minutes of audit steering committee meetings of your department?
   Yes  
   No  

16. Do you receive audit management letters?
   Yes  
   No  

17. What do you do when you receive audit management letters?
   Answer: .............................................................................................................
   .............................................................................................................
   .............................................................................................................

18. Do you keep a register of audit management letters?
   Yes  
   No  

19. How important are management letters to you?
   i) Very important  
   ii) Important  
   iii) Just like any other official letters  
   iv) Of no special significant  

20. How many audit management letters did you receive in respect of 1996/97 and 1997/98 financial years?
   1996/97  
   1997/98  

21. Of the management letters mentioned in 20 above, how many were responded to as at 31/03/1999?
   1996/97  
   1997/98  

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22. Of those replies mentioned in 21 above how many were made within the specified period?
   1997/98
   1998/99

23. Does the Office of the Auditor-General give you reasonable time to respond to its management letters?
   Yes
   No

24. If no, how long time should you be given to respond to management letters, before an Audit Report is finalised?
   Answer: .............................................................................................
            .............................................................................................
            .............................................................................................
            .............................................................................................

25. Do you request for extension of time if you cannot finish preparing your response within time given?
   Yes
   No

26. If yes, does the Office of the Auditor-General grant you such an extension?
   Yes
   No

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   Answer: .............................................................................................
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   No

29. What do you think is the use of Audit Reports?
   Answer: ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

30. Do you think Audit Reports fairly present the correct public financial administration of your department?
   Yes (elaborate) ............................................................................. 
   ........................................................................................................
   No (elaborate) ............................................................................. 
   ........................................................................................................

31. What do you think is the main function of the Select Standing Committee on Public Accounts?
   Answer: ........................................................................................................
   ........................................................................................................

32. Are you well exposed to public financial management?
   Yes (elaborate) ............................................................................. 
   ........................................................................................................
   No (elaborate) ............................................................................. 
   ........................................................................................................

33. Do you think your staff have the necessary knowledge regarding public financial administration?
   Yes (elaborate) ............................................................................. 
   ........................................................................................................
   No (elaborate) ............................................................................. 
   ........................................................................................................
34. Do you think your staff need some further training in public financial matters?
   Yes (elaborate).................................................................
   ......................................................................................
   No (elaborate).............................................................
   ......................................................................................

35. Do you get the necessary co-operation from the Office of the Auditor-General?
   Yes (elaborate).................................................................
   ......................................................................................
   No (elaborate).............................................................
   ......................................................................................

36. Do you think there is a sound relationship between your department and the Office of the
    Auditor-General?
   Yes (elaborate).................................................................
   ......................................................................................
   No (elaborate).............................................................
   ......................................................................................

37. How do you see the Office of the Auditor-General as compared to the Internal Auditors in
    the Province?
   Answer: ......................................................................................
   ......................................................................................
   ......................................................................................
   ......................................................................................

38. What areas regarding public accountability and government auditing do you think need
    some improvements and how?
   Answer: ......................................................................................
   ......................................................................................
   ......................................................................................
   ......................................................................................

Thank you very much for your time, patience and honesty in answering this questionnaire.