

**FINANCE MEC NOMUSA DUBE-NCUBE REMARKS AT THE INDUCTION OF
THE PROVINCIAL AUDIT AND RISK COMMITTEE**

AGSA OFFICES, CASCADES, PIETERMARITZBURG

14 JUNE 2022

Programme director

Acting Head of Department; Mr Santanu Moodley

Acting DDG of Internal Audit Unit; Ms Madhavi Bhaw

Senior Management and officials from the Office of the Premier

Senior Management and officials from Provincial Treasury

Incoming PARC members

Outgoing PARC members led by Mr Simelane

Good morning,

Thank you for inviting me to be part of this important induction session with which I believe we will be able to come up with innovative ways of looking after the public purse.

This is a very critical process in your life as a member of the Provincial Audit and Risk Committee for it is from here that you will begin a journey to strengthen our financial governance. I need not to over-emphasize the need for efficient and sound audit duties and outcomes that you will be seized with from now on.

The financial affairs of the province are often at the mercy of the hawked-eye members of the PARC who have an equal duty to sound alarm bells where things take a turn for the worse. The committee will also help us with the much-needed service delivery to the people of KwaZulu-Natal.

Through your efficiency we will be able to identify areas where gaps and short-comings emanate and be able to plug and rectify and them.

Ladies and Gentlemen,

I cannot stress enough how crucial the induction process is when one assumes a new role in a new organisation. However, your experience and expertise are the key arms that will ensure that you seamlessly integrate your talent and apply your skills to your new roles. A new environment brings with itself new challenges in which one needs to navigate and tread carefully for the benefit of the entire provincial government.

I would like to see this incoming committee embracing advanced technological ways to unlock the potential of auditing applying the world standard methodology. This is the only way we will be able to see efficiencies and benefits of cutting edge auditing as a province.

The slow adaptation to trends especially those that are technologically-leaning will be the detriment of public service. The extensive use of paper which continues to be a hallmark of inefficiency in the public service needs to be eliminated.

I have been speaking about efficiencies. Our stakeholders who are in our midst from the Auditor-General's office will profess that a lot of audit qualifications are as a result of us managing public funds in the most inefficient manner.

I am happy to admit that, painful as it is, the advent of Covid-19 has forced us to explore way in which we can apply efficiencies. Before Covid-19 we would travel long distances to host meeting, sometimes two or three meetings, in order to host a successful event. This culture would often require five or six colleagues from the same office to travel and sleep over just for that one planning meeting.

This was our Achilles heel! We should have long embraced the technology of teleconferences as a government using platforms like ZOOM and MS Teams where we are seeing a lot of savings of S&T something that has been a bone of contention when it comes to auditing. I am very hopeful that by the time next year when the AG release its audit outcomes, savings on the S&T would be realised. This is when I would say we have turned a new tide in our auditing processes by adopting technology with huge benefits in efficiencies.

Ladies and Gentlemen;

The Provincial Audit & Risk Committee (PARC) is the shared audit committee for the Province and are appointed by the MEC: Finance in consultation with the Cabinet in terms of Section 3.13 of the Treasury Regulations. In terms of the S38 (1) (a) of the PFMA, every department must have an internal audit unit under the control and direction of the audit committee.

The audit committee is an independent governance structure that provides oversight over financial processes, performance management, assurance processes, risk management, internal control and reporting thereof.

As you will be aware; Section 3.1.5 of the Treasury Regulations requires that the constitution of the audit committee must retain its independence. The Committee is constituted of members who are all from outside the public service to ensure that the important requirement of independence is maintained in the Province.

The Committee is also required to have the requisite skills to carry out their oversight role. The members appointed have financial expertise with 50% of the members being Chartered Accountants. The members also have experience in business management, compliance, risk management, project management, business technology and previous experience serving on audit committees.

Among a host of tasks they are charged with, the audit committee must, amongst others, review the following (in terms of S3.1.10 of the Treasury Regulations)

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of the institution's operations to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- any accounting and auditing concerns identified as a result of internal and external audits;
- the institution's compliance with legal and regulatory provisions;
- the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations

Based on the above the Audit Committee plays an important role in advising and making recommendations to Accounting Officers. However, I must stress that the Accounting Officer maintains full accountability for the implementation of recommendations. In order for the Committee to have an impact on the improvement in internal controls and ultimately audit outcomes, the Audit Committee must track the implementation of audit recommendations and hold Accounting Officers accountable for the timely implementation of improvements.

Therefore, reporting by the Audit Committee to oversight structures is also important to ensure this accountability. The Committee also has a responsibility to report key matters and issues of concern to the Auditor General and National Treasury. The Committee must, in terms of the Treasury Regulation, meet with the auditor-general at least annually to ensure that all outstanding matters of concern are resolved.

There's a lot of work ahead because the arrangements in the Province are quite robust - the AG attends the quarterly meeting of the Audit Committee, with in-committee sessions with the AG, the Committee attends Audit Steering Committee meetings with the AG and departments; and the Committee also has separate meetings with the Accounting Officers and the AG to discuss the AG reports as soon as the AG finalizes their regulatory audits.

These engagements ensure that there is continuous monitoring of significant matters raised by the AG; and that there is adequate coverage of audit areas between the AG and internal audit. Including Accounting Officers in these engagements also assists in holding them responsible for the implementation of improvements.

In conclusion I would like to thank Mr Simelane, the outgoing chair of PARC for the sterling role he and his committee played. We are indebted indeed. On the same vein, I would like to welcome the new members who are Mr Z Zulu, Mr S Mthethwa, Mr S Maharaj, Ms P Ramphal, Ms S Makhathini and Mr Mike Tarr.

Thank you for availing yourselves, talent and skills to the Provincial Government. In your capable hands we will be able to achieve superior audit outcomes, that I am

hopeful. My door is always open for counsel especially when it comes to Cabinet decision which at times may alter your mandate.

I look forward to working together with you. *Together, Let's Grow KwaZulu-Natal!*

I thank.