



“The overall disregard for financial management laws and regulations is pervasive”

Late Auditor-General Kimi Makwetu, in a presentation to Parliament, November 2019

Checks and Balances:

The Auditor-General Project Report

Prepared by the Institute for African Alternatives

Some definitions

Irregular, unauthorised, and fruitless and wasteful expenditure all sound really bad – and they are. When they are detected, they are *all* worrying indicators that there is a clear – and greater – risk that public funds are going to be wasted or stolen, now or later.

But it is important to understand how they are different. They are not automatic flags for fraud or corruption.

Fruitless and wasteful expenditure go together: This is money that could easily have been saved, if the department or state-owned enterprise had been more attentive. For example, if a debt is not paid in time and interest is charged, or if a building is leased, but no one moves in and it stands empty.

Unauthorized expenditure is money spent that was not approved in the budget. Sometimes this expenditure is justifiable – for example if there are unforeseeable events, like a tornado or a flood, that require urgent intervention. But it is usually an indicator of inadequate planning. It does not mean the money was wasted or stolen, but there are greater risks of abuse if money is spent that was not approved by Parliament in the budget.

Irregular expenditure is money spent that was budgeted for – but the payments did not follow the spending rules set by Parliament and the Treasury. For example, the supply chain management rules might require that there is an open tender process for a contract. But the department did not run a compliant tender process. Maybe they failed to ensure that tendering companies had paid their taxes. Or they gave different specifications to different tenderers. There may be adequate reasons for not following the rules – in which case Treasury may “condone” the expenditure, and all is forgiven. But it also could mean that government paid too much for products or services, and steps should be taken to get the money back.

A new definition, since 2019, is **material irregularity**. This is when an audit discovers that there has been a material loss of money because a department, or individual within it, did not comply with legislation or committed fraud or theft. For example, it might be that there is no audit evidence for the proper expenditure of R2 million. There is now a new mechanism, initiated by the Auditor-General, to get back money lost as a result of a material irregularity.

Checks and Balances: The Auditor-General Project Report

Prepared by the Institute for African Alternatives, Cape Town

Research Team: Martin Nicol, Bruce Kadalie, Moira Levy

Final research report completed on 11 December 2020

Graphics sourced from presentations to Parliament by the Auditor-General,
published by the Parliamentary Monitoring Group (PMG) at <https://pmg.org.za/>



Institute for African Alternatives

Acknowledgement

The Checks and Balances Project, with its aim of improving governance, received funding support from the Royal Netherlands Embassy. The Institute for African Alternatives (IFAA) is alone responsible for the content of the report.

Contents

| | |
|--|----|
| Executive summary | 7 |
| Introduction..... | 9 |
| Setting the scene: the role of Parliament | 10 |
| Outline of the research and its conclusions | 13 |
| Accountability is the faultline..... | 14 |
| AG and Parliament agree there is an accountability problem | 14 |
| Efforts of Members and the AG to promote accountability | 17 |
| The more effort given to auditing, the more money is misused | 18 |
| What can be done about the ‘accountability gap’? | 19 |
| The basic issue: political will – and the quality of MPs | 20 |
| The expanded powers of the AG are not there to do Parliament’s job | 24 |
| Historical and comparative research | 25 |
| Resource list | 27 |
| List of internal AG Project Bulletins | 27 |
| References | 29 |
| AG reports used for the research..... | 30 |
| Acronyms and abbreviations | 31 |

Executive summary

Parliament diligently scrutinises the reports of the Auditor-General (AG) into the finances of government departments and entities. Committees of the National Assembly, from the Standing Committee on Public Accounts (SCOPA) to Portfolio Committees, routinely endorse the recommendations of the AG in formal resolutions and committee reports. Yet the executive is rarely held to account. There are usually no consequences for ministers and for accounting-officers when departments and entities ignore recommendations of the Auditor-General of South Africa, or breach the laws on the management of public funds.

Parliament provides scrutiny and oversight of executive action, but has failed on accountability. Accountability is the fault-line.

This research project on the Auditor-General and Parliament set out to answer why the checks and balances written into our Constitution have failed. What could Parliament do to remedy the situation where the executive, year after year, does not implement AG recommendations to reduce the risks of irregular, unauthorised, and fruitless and wasteful expenditure?

The research team assembled by the Institute for African Alternatives (IFAA), delayed by the COVID-19 lockdowns, has worked for a year on the project – conducting interviews, consulting stakeholders, reviewing past reports and considering international experiences. This report documents this process, but its purpose is to identify paths for action – by Parliament itself, by political parties and by civil society.

The research team has identified **two distinct ways forward**:

Way One is largely uncontroversial. But it is difficult to do. It flows from the consultation with stakeholders held in July 2020. It comprises recommendations on improvements that Parliament can and should make to the way it works, to make oversight effective. Most of these recommendations are not new. They can be found in Parliament's own archives, in proposals put forward over the last twenty years by Parliamentary Committees and by commissions appointed by Parliament to review its procedures and operations. Some officials in Parliament believe that all the proposals have been dealt with – and have been concentrated into an Oversight and Accountability (OVAC) model that Parliament follows. There is indeed a lot on paper. Parliamentary rules have been revised over years of detailed deliberation. But the test is the effectiveness of Parliament's scrutiny of executive action, and the extent of Parliament's success in holding the executive to account. Here Parliament has failed. It is clear that the OVAC model needs a complete overhaul and review, quite apart from its weaknesses in following through on issues raised by the AG. The Checks and Balances report reminds Parliament of excellent proposals for improvement made in the past. It repeats many of them in the context of Parliament's reliance on the reports tabled by the Auditor General. Kimi Makwetu – the late AG, who died suddenly in November 2020 – expressed frustration at Parliament's apparent deafness to all the warnings and alarms. He asked: "How can these voices be louder?"

Way Two raises the issue of political parties and the quality and character of the members they put on their party lists to go to Parliament (and, indeed, all provincial legislatures and municipal councils).

Some will say the problem lies in the electoral system, where nominees for seats in Parliament are not elected by an inclusive democratic process, but are chosen by parties' murky internal processes. The electoral system has no way to exclude many 'bad apples' who parties choose to represent them.

Others will point to the failure of Parliament to include ethical training in the orientation sessions that are made available for new MPs. There may be some MPs who are genuinely unaware of the moral and ethical values in the Constitution which MPs ought to embody.

The action direction identified by the research team is to provide materials to assist parties to name 'good people' on their lists, and to exclude people with a past record of dishonesty and self-service. This means discovering and making available relevant information on the character and past performance of those seeking a place on the party lists.

In the longer term, some independent regulation and monitoring of party constitutions seems to be called for. Internal party processes are often intensely problematic, with intimidation, vote-buying and corruption often surfacing. Perhaps this reflects the human condition. Democratic politics is no different from any other. Parties all get captured.

The Checks and Balances Project identifies the weakness of character of our Parliamentarians as the main reason why Parliament remains the least powerful of our three branches of government.

Introduction

The purpose of this report is to record research and engagements that have guided recommendations for actions by Parliament and civil society to improve the chances that the executive will be held to account for issues identified in the reports of the Auditor-General of South Africa (AGSA).

The purpose of the project is more ambitious. It is to inspire and assist action to make Parliament a more effective, principled and ethical pillar of our Constitution. It is to improve Parliament's performance as a check and balance to the activities of the two other branches of government, the executive and the judiciary. It will always be the weakest branch, but it can perform its role much better.

The project was initiated by Prof Ben Turok in late 2019, just a month before his death. He was adamant that he did not want "another report". He did not want examples of all the weaknesses, revealed by the work of the Auditor-General (AG). He wanted a developmental project that would change things. This should focus on the role of Parliament as an institution of our democracy, as part of the system of checks and balances, which had clearly gone wrong.

In the first meeting with the full research team, to explain the brief in November 2019, Prof Turok said:

"Peoples' money is being squandered by the executive, and Parliament is complicit in this."

His idea was to speak to people – people in Parliament, people in the office of the AG, people in research and civil society organisations – to develop a plan on what could be done so that Parliament became effective and carried out its Constitutional roles properly. He believed Parliament could be moved in this direction – as he had done himself, when he led Parliament's enquiry into unethical conduct of a prominent minister, securing their sanctioning and ultimate removal from Parliament by their reluctant party.

As detailed in this report – supported by 18 *AG Project Bulletins*¹ – the talking with people has resulted in **two distinct ways forward**.

Way One comprises recommendations on improvements that Parliament can and should make to the way it works, to make oversight effective. Most of these recommendations are not new. They can be found in Parliament's own archives, in proposals put forward over the last twenty years by Parliamentary Committees and by commissions appointed by Parliament to review its procedures and operations. Some officials in Parliament believe that all the proposals have been dealt with – and have been concentrated into an Oversight and Accountability (OVAC) model that Parliament follows. There is indeed a lot on paper. Parliamentary rules have been revised over years of detailed deliberation. But the test is the effectiveness of Parliament's scrutiny of executive action, and the extent of Parliament's

¹ The Project Bulletins were the working documents compiled for internal use during the research. They are listed below, before the reference list.

success in holding the executive to account. Here Parliament has failed. It is clear that the OVAC model needs a complete overhaul and review, quite apart from its weaknesses in following through on issues raised by the AG. The Checks and Balances report reminds Parliament of excellent proposals made in the past. It repeats many of them in the context of Parliament's reliance on the reports tabled by the AG.

The research team is under no illusion that its proposals can be simply implemented. These are largely proposals that Parliament has heard many times before, and has ignored – on purpose or by inertia.

Way Two is controversial. It takes the debate to political parties and the quality and character of the members they put on their party lists to go to Parliament.

“When I went to Parliament in 1994, we had the A-Team. Now we have the Z-Team”
comment by an ANC MP, as they withdrew from Parliament (but not the ANC) in 2014.

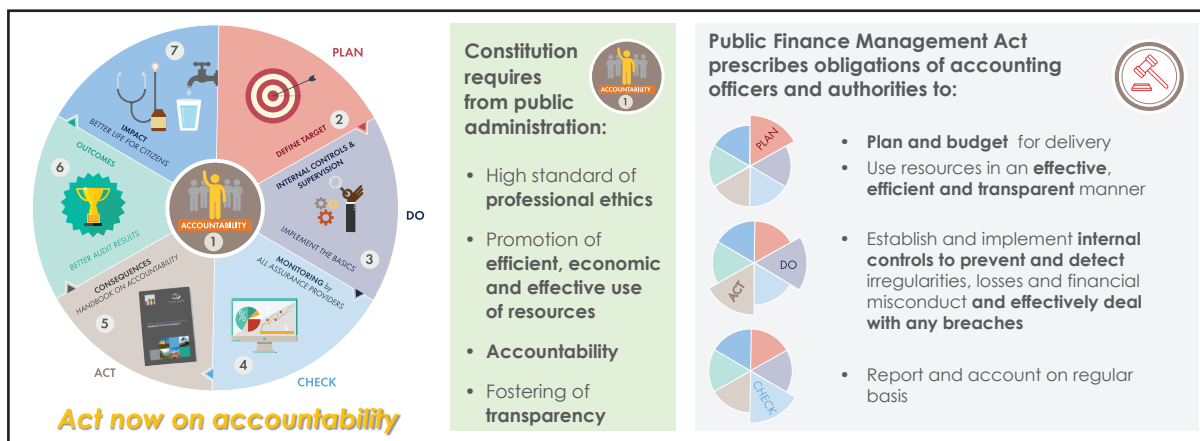
Setting the scene: the role of Parliament

We have to start with what the Constitution says about the role of Parliament. Section 42(3) reads: (our emphasis)

“The National Assembly is elected to represent the people and to ensure government by the people under the Constitution. It does this by choosing the President, by providing a national forum for public consideration of issues, by passing legislation and *by scrutinizing and overseeing executive action.*”

Section 55 of the Constitution deals with the Powers of the National Assembly. Section 55(2) adds the concept of *accountability* to that of oversight:

2. The National Assembly must provide for mechanisms
 - a. to ensure that all executive organs of state in the national sphere of government are accountable to it; and
 - b. to maintain oversight of
 - i. the exercise of national executive authority, including the implementation of legislation; and
 - ii. any organ of state.



Section 92 adds further that “Members of the Cabinet are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions”.²

The Constitution was not a clear enough guide for Parliament in 2015, when it endorsed a Committee report that found that Jacob Zuma did not have to “pay back the money” he spent on a swimming pool, chicken run and other features at his private residence at Nkandla. The Constitutional Court had to intervene.³

The word “‘scrutinise’ (wrote the Chief Justice) means subject to scrutiny. And ‘scrutiny’ implies a careful and thorough examination or a penetrating or searching reflection. The Public Protector’s report relates to executive action or conduct that had to be subjected to scrutiny, so understood.”⁴ (The same applies to reports of the AG -- which is also a Chapter Nine Institution.)

The Constitutional Court also linked scrutiny to accountability. The Chief Justice stated:

... the National Assembly, and by extension Parliament, is the embodiment of the centuries-old dreams and legitimate aspirations of all our people. It is the voice of all South Africans, especially the poor, the voiceless and the least-remembered. It is the watchdog of State resources, the enforcer of fiscal discipline and cost-effectiveness for the common good of all our people.⁵ ... For this reason, it fulfils a pre-eminently unique role of holding the Executive accountable⁶ for the fulfilment of the promises made to the populace through the State of the Nation Address, budget speeches, policies, legislation and the Constitution, duly undergirded by the affirmation or oath of office constitutionally administered to the Executive before assumption of office.⁷

The “Corder” *Report on Parliamentary Oversight and Accountability*, which was commissioned by Parliament from a group of academics in 1999⁸ remains pertinent today.

The executive in carrying out its tasks, whether by implementing legislation or policy, acquires considerable power. A condition of the exercise of that power in a constitutional democracy is that the administration or executive is checked by being held accountable to an organ of government distinct from it. This notion is inherent in the concept of the separation of powers, which simultaneously provides for **checks and balances** on the exercise of executive power, making the executive more accountable to an elected legislature.

² Constitution Section 92 (2) and (3).

³ In *Economic Freedom Fighters v Speaker of the National Assembly and Others; Democratic Alliance v Speaker of the National Assembly and Others* [2016] ZACC 11 – (this was the “Nkandla case” about the findings of the Public Protector.) The report passed by the ad hoc Committee in Parliament is available at: <https://pmg.org.za/committee-meeting/21265/>. This was the subject of a resolution passed by the National Assembly that the ConCourt declared inconsistent with sections 42(3), 55(2)(a) and (b) and 181(3) of the Constitution.

⁴ Mogoeng CJ at [85].

⁵ Section 77 read with section 55 of the Constitution. See also section 188 of the Constitution read with section 10 of the Public Audit Act 25 of 2004.

⁶ Section 55(2)(a) of the Constitution.

⁷ Mogoeng CJ at [22].

⁸ Corder, H., Jagwanth, S., Soltau, F. (1999) *Report on Parliamentary Oversight and Accountability*. July. Cape Town: Parliament.

The role of the AG with respect to Parliament is framed as follows in the Corder report:

The Constitution describes the institutions set up in terms of chapter 9 [such as the Auditor-General] as ‘strengthening constitutional democracy’. They are an integral part of the **checks and balances** of a constitutional democracy and accountable government. ... In relation to Parliament they have two roles. Firstly they should be seen as complementary to Parliament’s oversight function: together with Parliament they act as watch-dog bodies over the government and organs of state. Secondly, they support and aid Parliament in its oversight function by providing it with information that is not derived from the executive. ... Members of Parliament often do not have the time and resources to investigate in depth, or because of party discipline do not have the political independence that is required to arrive at an impartial decision ... Hence state institutions supporting constitutional democracy have been created to assist Parliament in its traditional functions. This function is most obvious in relation to the office of the Auditor-General which performs the primary part of oversight of financial matters. ... Parliament’s oversight function can be enhanced by ensuring the effective functioning of state institutions supporting constitutional democracy.

Parliamentary oversight and accountability is a well-ploughed field. The Checks and Balance Project team have unearthed little that is new or unexpected.

The unexpected – the inexplicable – is the utter failure of the checks and balances crafted into the Constitution to arrest maladministration that has been reported to Parliament repeatedly, and then again!

Parliament has been offered advice on how to manage its difficult tasks of oversight of the executive on many, many occasions. Guidance – and correction – have been provided by the Constitutional Court. A lot of improvements have been incorporated into the Rules of Parliament to strengthen oversight. Institutional changes have empowered Members of Parliament and the capabilities of the Committees through which they do much of their work (i.e. research assistance, laptop computers and tablets, induction and training courses, access to library materials online).

In the AG, Parliament has an institution of substance and integrity at its service. The professional competence, transparency and communication of the AG has constantly improved. South Africa’s Auditor-General is in the first rank of “supreme audit institutions” internationally. As a Chapter Nine Institution, the AG is guaranteed independence and is subject to only the Constitution and the law. It raises its own revenue directly from auditees, and does not depend on the executive for funding.

With a powerful Constitution, a world-leading AG, and a democratically elected Parliament that controls the public purse, one would anticipate only the best outcomes. But that is not the case.

Why does government not act when it is told of “rampant abuse of public resources”?

Why has Parliament been ineffective in holding the government to account?

Outline of the research and its conclusions

This document provides the foundation for the recommendations/proposals, which are intended as guidelines for future action steps by Parliament and other stakeholders.

The Constitutional Court said in 1996, as it prepared to certify the new Constitution,⁹ that “in democratic systems of government in which **checks and balances** result in the imposition of restraints by one branch of government upon another, there is no separation [of powers] that is absolute.

“There is ... no universal model of separation of powers ..., and the relationship between the different branches of government and the power or influence that one branch of government has over the other, differs from one country to another.

“The principle of separation of powers, on the one hand, recognises the functional independence of branches of government. On the other hand, the principle of checks and balances focuses on the desirability of ensuring that the constitutional order, as a totality, prevents the branches of government from usurping power from one another. In this sense it anticipates the necessary or unavoidable intrusion of one branch on the terrain of another. No constitutional scheme can reflect a complete separation of powers: the scheme is always one of partial separation. In Justice Frankfurter’s words, ‘[t]he areas are partly interacting, not wholly disjointed’.”

From the perspective of civil society, the words of the writer Anne Applebaum pose a challenge:

The **checks and balances** of Western constitutional democracies never guaranteed stability. Liberal democracies always demanded things from citizens: participation, argument, effort, struggle.¹⁰

Applebaum is commenting here on central and eastern Europe, where democracy seems to be failing.

In South Africa, Parliament provides an accessible target/arena for action by civil society. Through the Constitution there are many opportunities to put pressure on Parliament to perform its role as a check and balance on both the executive and the judiciary. The reports of the AG give Parliament all the ammunition it could possibly need. It is a question of getting ready, aiming, and firing!

9 Certification of the Constitution of the Republic of South Africa, 1996 (CCT 23/96) [1996] ZACC 26; 1996 (4) SA 744 (CC); 1996 (10) BCLR 1253 (CC) (6 September 1996) [108-109].

10 Anne Applebaum in *Twilight of Democracy: The Seductive Lure of Authoritarianism*, Allen Lane/Doubleday 2020.

Accountability is the fault-line

Parliament is responsible for ensuring that public funds are spent wisely in the public interest and are not looted. Parliament cannot do this work itself – it relies on the expert, independent services of the AGSA, who is appointed by Parliament (and the Constitution) to undertake government auditing.

Parliament, over many years now, has failed to ensure that there are effective follow-up mechanisms to implement the recommendations of the AG on the management of public finances.¹¹

Parliament is complicit in the failure of government to implement the recommendations of the AG.¹² In practice, Parliament lacks the ability or the willingness to hold the executive accountable.

The Institute for African Alternatives began this project in October 2019 to consult widely and propose a way forward – primarily for Parliament, which is responsible for scrutinising executive action and for holding the executive accountable.

The problems revealed by government auditing – and the lack of follow-up on reports and recommendations of the AG – have been widely reported. There is no need to repeat the details here. It will suffice to recall that audit outcomes across most of government are disappointing, and often alarming. Mismanagement of public funds is not being addressed to the extent and at the speed necessary. The trend remains one of regression. This is public knowledge widely covered in the press, discussed at length in Parliament, and archived by the online records maintained by the Parliamentary Monitoring Group (PMG).¹³

AG and Parliament agree there is an accountability problem

Kimi Makwetu – the late Auditor General – died suddenly in November 2020. A year before, he told the Standing Committee on Public Accounts (SCOPA) on 23 October 2019 that there were several root causes for the lack of improvement in government audit outcomes:¹⁴

- There was a lack of urgency in responding to AGSA messages about addressing risks and improving internal controls. At fault were accounting officers and senior management – political leaders and oversight bodies such as Public Accounts and Portfolio Committees.
- There were inadequate consequences for officials who deliberately or negligently ignored their duties. If they were not held accountable, such behaviour could be seen as acceptable and tolerated.

11 See the summary of the 2007 Mexico Declaration on SAI Independence in AGSA (2104:93) Principle 7 is “The existence of effective follow-up mechanisms on SAI recommendations”. Also see the 1977 Lima Declaration: Section 11. “Enforcement of Supreme Audit Institution findings” in INTOSAI (1998). South Africa’s AG was represented at both congresses. See AG Bulletin 08 and Nicol (2020b)

12 Ben Turok – notes from Checks and Balances project discussion, November 2019.

13 <https://pmg.org.za/committees/> The website has a superb search facility. Enter “Auditor General” and wonder at the over 10,000 links since 1998!

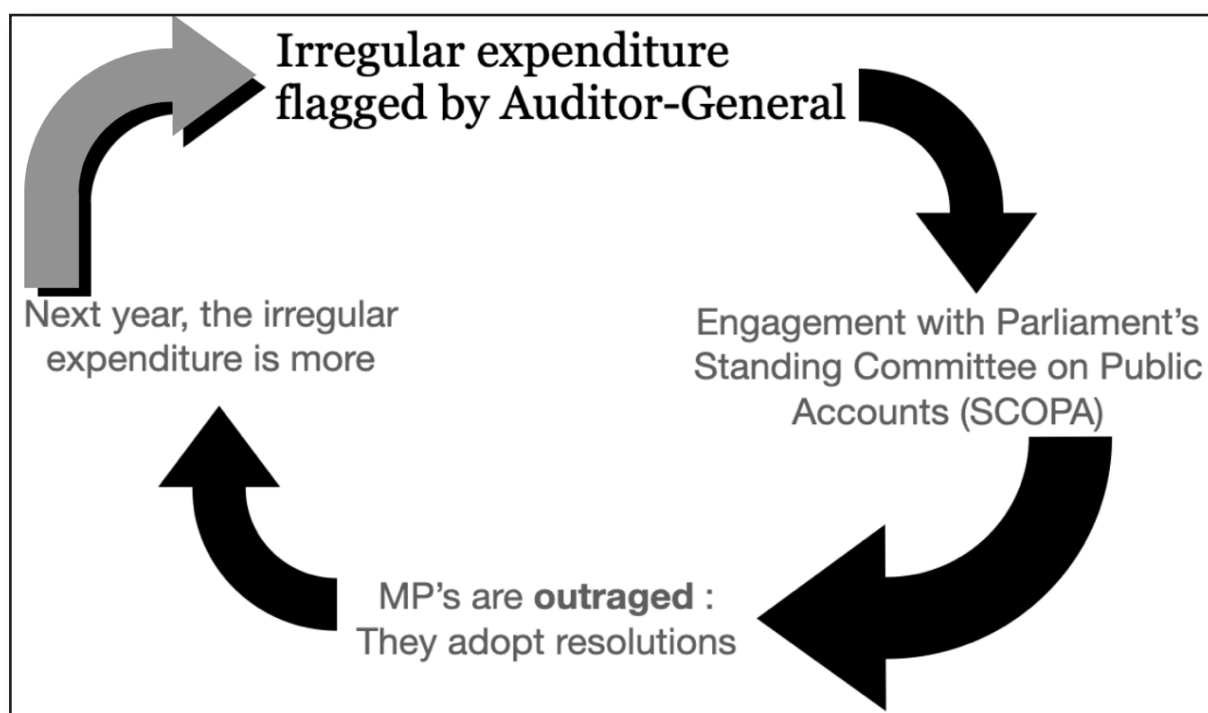
14 From PMG meeting report Public Accounts (SCOPA): Audit Outcome 2018/19: briefing by Auditor General, 23 October 2019. Available at: <<https://pmg.org.za/committee-meeting/29139/>>

Alf Lees (MP, Democratic Alliance) said irregular spending was on the increase. If there was condonation it took a very long time. Meanwhile, there appeared to be no consequences for failing to deal with old irregular expenditure issues.

Makwetu responded that irregular expenditure was growing because of a lack of consequences for those responsible.

The expenditure would be flagged by AGSA, there would be engagement with SCOPA, a report would be tabled, resolutions would be adopted – and the next year there would be even greater irregular expenditure.

“How loud can these voices be? Can they be even louder?” he asked.¹⁵



AG Project Bulletin 08 outlined the importance of a government auditor being independent of the government and insulated from political interference by the legislature.¹⁶ That has been achieved by South Africa’s AG, which is, perhaps, the most successful of the institutions created by Chapter Nine of the Constitution to enhance democracy.

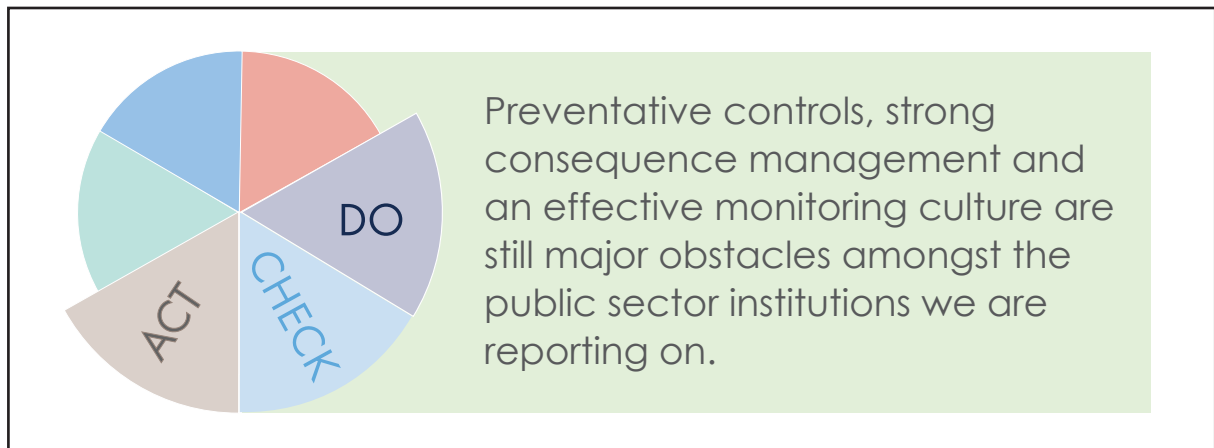
The problem lies in Parliament’s weak follow-up on the issues raised repeated by the AG. Parliament is aware of this and is concerned. *Business Day* reported on 25 June 2020: “MPs across the board raised concern about the financial state of the municipalities, saying the lack of consequences was largely to blame.”¹⁷

¹⁵ Ibid – quote from PMG report.

¹⁶ Also see Nicol (2020b).

¹⁷ “Just 8% municipal audits were clean [in 2018/2019]” *Business Day* 25 Jun 2020.

On 24 June 2020, the chairperson of the National Council of Provinces' (NCOP's) Select Committee on Municipalities,¹⁸ China Dodovu MP, "called for clear consequence management¹⁹ in errant municipalities with a negative audit outcome for the 2018/19 financial year".



The chairperson raised this opinion following the local government audit outcomes briefing by the Office of the AG to the NCOP. A Parliamentary statement said, "Mr Dodovu highlighted that without concomitant action, the audit outcomes will not improve in the near future, something that has a direct negative impact on the ability of the municipalities to deliver quality services to the people".

"There is a serious problem here. Are we going to sit with the Auditor-General again next year and raise the very same problems if there is no concomitant action taken against anybody who is responsible for the financial mess in the municipalities? Last year, the same problems were raised, and amongst them is the deteriorating accountability and lack of consequence management, a point that is highlighted today. If we don't put a stop to this, next year we are going to face the same problems,' Mr Dodovu said."

Parliament spends a huge amount of time scrutinising the finances and performance of departments and entities. For this it relies heavily on the reports of the AG. Parliament publishes lengthy Committee reports detailing MPs' observations, findings and recommendations. Committee chairpersons regularly issue media releases like the one above.

¹⁸ That is Cooperative Governance and Traditional Affairs, Water and Sanitation and Human Settlements. See Parliament (2020).

¹⁹ The definition of consequence management: "Action against transgressors (consequence management)" – Auditor General South Africa – 26 March 2013 [Nicol (2020); <https://pmg.org.za/committee-meeting/15631/>]

Efforts of Members and the AG to promote accountability

Who can say Members of Parliament do not try to hold the executive to account? They do try. The PMG records angry and condemnatory statements from MPs from all parties when they consider reports from the AG on unauthorised, irregular, and fruitless and wasteful expenditure.

South Africa spends a great deal of time, money and professional effort on “government auditing”. The research, reading and interviews of the Checks and Balances Project have revealed a picture of an AG that is truly world class. The AG no longer simply audits and delivers reports. Auditing and reporting are supplemented by pre-audit advice, communication and education directed both at auditees and at citizens and public representatives. The AG pays special attention to the “root causes” – identifying what is weak in the internal controls of departments, municipalities and entities – so that plans can be made to improve administration and meet the standards set by Parliament and by government regulations for the honest and effective management of public funds.

A senior executive at the AG told the project: The accounting-officer is the first line of defence to ensure the proper management of public funds. He is responsible for implementing key controls. If you fix the controls, that will produce the outcome you want. Under the current AG, AGSA has extended the “offerings” of the AG. It reacts *during* the year before considering any audit submissions – as soon as it notices issues of concern.²⁰

A recent example was seen in September 2020, when the AG released six “Preventative Control Guides”.



The cover of the report illustrates the AG’s message – that there is a need for a hand to stop the falling “dominoes,” and prevent public money from being stolen or misused. The guides responded to a wide range of problems which were enumerated in the AG’s “First Special Report on the financial management of government’s COVID-19 initiatives”. This report was presented to Parliament by Mr Kimi Makwetu on 4 Sept 2020.

²⁰ AG Project Bulletin 11. 02 June 2020.

The more effort given to auditing, the more money is misused

It is ironic that at a time when the AG has enhanced its offerings and moved into proactive intervention, South Africa has experienced looting and mismanagement of public funds on a scale never recorded before. The diversion of public resources is so extreme that the country is going to have to curtail state support budgeted for poor and vulnerable citizens.

As the AG noted: “In the most recent times, South Africans have been numbed by the staggering numbers of wasteful, fruitless, unauthorised and irregular expenditure. This is the type of expenditure that should not be tolerated by citizens whatever technical justifications are attached to their occurrence. The very existence of such expenditure suggests that those that persistently incur it, are not bothered for as long as there is no accountability or consequences.”²¹

The situation has been made still worse by the impact of COVID-19, with the danger looming of a complete economic melt-down.²² An ANC MP, the Chairperson of the Standing Committee on Appropriations, asked on 17 June 2020 whether it is possible that the challenge posed by COVID-19 is being used by departments and entities as a “get out of jail free” card when it comes to underperformance.²³ COVID-19 has required the urgent expenditure of additional government funds on a scale and at a rate that is unprecedented, and which has provided wide opportunities for theft, fraud and corruption.²⁴ There has been no shortage of criminal efforts to steal these funds, abetted by politicians, public servants and business people with political connections.²⁵

The citizens’ representatives sit in Parliament and are explicitly charged with oversight on public expenditure. But accountability in this regard eludes Parliament.

²¹ AGSA (2020g)

²² Paton (2020), quoting Tito Mboweni: By the end of this fiscal year government borrowing “will almost entirely consume all of our annual domestic savings, leaving no scope for investment or borrowing by anyone else ... [A shift to foreign currency borrowing] could lead to “doom and despair” on a scale of Germany in the 1920s, the Greek debt crisis of 2009 or that of Argentina in the 1980s. Also see Ann Bernstein on the immediate danger of an “irreversible economic decline”: <<https://www.businesslive.co.za/bd/opinion/2020-08-19-ann-bernstein-only-business-can-lead-sa-out-of-the-abyss/>>

²³ <https://pmg.org.za/committee-meeting/30474/>

²⁴ The AG addressed SCoAG on this precise threat on 22 May 2020: <https://pmg.org.za/committee-meeting/30291/>. Special audit reports are being prepared to focus on how the funds allocated to the COVID-19 pandemic are spent.

²⁵ See for instance: ‘The ANC goes into battle against graft – and a battle within itself’, by Carien Du Plessis, *Daily Maverick* 23 August 2020.

What can be done about the ‘accountability gap’?

The Checks and Balances Project focused on the role of Parliament in making use of reports and briefings from the AG to hold the executive to account. The research was guided both by one-on-one interviews and on group consultations with a few stakeholders. One thrust of the proposals from the research is to urge Parliament to amend some of its internal rules, as well as some laws and timelines to allow more effective oversight by MPs.

These are some changes suggested by the research:

- **Develop a better oversight model for Committees** — provide a framework for Committees so they are able to do their oversight work in a planned way and are held accountable for doing it properly.
 - Committees must have proper systems for following up on their questions and resolutions.²⁶
 - Committee reports need to be stronger, they need to be more specific and provide issues where follow-up can be done. Committees must propose corrective actions and (critically) they must specify that the executive must report back on the issue to the National Assembly. This process is already open for Parliament, but it is not adequately done at present.
 - Parliament must stop relying on the bureaucrats who run Parliament to set the agenda for Committees and their oversight activities.²⁷
 - Committees should use their existing powers to experiment with different ways of holding meetings and interrogating the executive, for example colloquiums/interrogation as in the United States Congress.
 - The so-called OVAC model, which is said to be in place in Parliament following the 2016 revision of the rules, is not effective in addressing the problems and gaps in accountability. The OVAC model contains many unresolved issues. It is clear that the OVAC model needs a complete overhaul and review, quite apart from its weaknesses in following through on issues raised by the AG.
- **Review existing laws** that set unrealistic time limits and time-consuming procedures, thus hampering the effectiveness of Parliament.
 - The Money Bills Act and the Public Finance Management Act (PFMA) need to be reviewed to ease time constraints.
 - Parliament should deal with the scheduling of Portfolio Committee activities so that energy on oversight is planned strategically and spent effectively. This can take place *throughout* the year – not in one burst at the time the Budgetary Review and Recommendation Reports (BRRRs) have to be tabled.

²⁶ Perhaps Committee staff should work for the Committees they support rather than for the administrative sections of Parliament. Cf interview with Mr Hlengwa, who could not get the research staff that SCOPA needed.

²⁷ There are 400 MPs but over 1,800 parliamentary employees, managed by people who often have individual ambitions and who pursue personal interests and prejudices at the expense of the wishes of MPs. Mr Hlengwa said that the Financial Management of Parliament Act is used by the administration of Parliament to deny committees research staff, refuse oversight visits and delay urgent investigations.

- Adjust **orientation training for all Members** when they come to Parliament so they understand their roles better and the particular responsibilities of the AG, the executive and the accounting officer/authority for each department or entity. This training is efficiently managed at present, but it concentrates on practical issues. Member training does not deal adequately with the ethical standards that parliamentarians should espouse and emulate. Members also need to have research assistance so they can prepare for meetings.
- The *sub judice* rule is used (incorrectly) to limit Parliamentary oversight. The rule is unnecessary and allows departments to browbeat Members. It should be removed.

Consultations by the Checks and Balances Project generated the following comments:

- It is at local government level that the AG is faced with the most severe regression in audit outcomes. Parliament should consider ways in which non-compliance with AG recommendations by municipalities could be brought into the national debate in Parliament. Parliament, after all, votes considerable revenues from the National Revenue Fund that are spent by municipalities. The inter-governmental co-operation framework legislation provides no avenue to enforce co-operative governance. Checks and balances here simply do not work. SCOPA or a Portfolio Committee that deals with local government and local service delivery issues could summon the relevant accounting officer to give an explanation in Parliament, as part of their **oversight** programme.
- **Induction** of new Members is important, but it must be promoted alongside continuity – parties need to return a good proportion of Members to the next parliament to ensure that lessons are learned from experience and that Parliament has institutional memory amongst Members. Parties need to act responsibly so that Committees preserve some level of membership across Parliaments. Parties also need to allocate Members to Committees where their experience can be used.²⁸ Members should not only rely on AG reports – they must be on the ground in their constituencies. Parliament must not hamper members by tying them to parliamentary meetings in Cape Town that, in practice, limit oversight efforts.

The basic issue: political will – and the quality of MPs

No changes in laws and rules can however address the basic issue raised by the research – the need for *political will*. When asked why the recommendations of the AG are so often not followed, several interviewees almost brushed the question aside as superfluous:

“... there is only one to blame – the ANC. You will never get recommendations followed because this is seen as a bad reflection on the ruling party. In South Africa, we elect parties, not individuals. The ANC lacks the political will to make decisions [to implement AG recommendations]. If people are driven by greed and self-interest, that is what will happen.”²⁹

²⁸ Interview with Mr Hlengwa [AG Bulletin 05.], who referred to an MP who was an expert on local government who was sent to the Committee dealing with basic education.

²⁹ AG Project Bulletin 06, 29 March 2020.

True as this may be from real experiences, the IFAA research team was initially very much influenced by the emphatic statements by MPs – including from the ANC – that they were outraged by the failure of the executive to act against a range of anti-social behaviours – from the theft of money and corruption in contracts to the failure of mining companies to implement social and labour plan commitments.

This bias – it must be termed – within the team influenced the initial set of recommendations discussed with stakeholders in July 2020. How could parliamentarians get help to succeed with the work they really want to do? How could they work around parliamentary gate-keepers and limited resources to be more effective in holding the executive to account?

MPs expressed strong frustration when departments return to meetings again and again with issues unresolved until, each five years, the clock is set back to zero when MPs are cycled out and government re-jigs portfolios.

The Checks and Balances team's sympathy with MPs wore thinner as more interviews revealed inconsistencies between words and behaviour. Then the team had to confront the complicity of the ANC, as well as ANC-dominated legislatures across the country, in the appalling, cynical, criminal, misuse of emergency COVID-19 funding.

- Could it be true that Members were eager to use Parliament as a discussion forum, but less keen to use the information gleaned from oversight visits and the independent reports of the AG to hold the executive to account?
- Were many Members using Parliament as a five-year (or more!) political sinecure, reacting to reports of fruitless and wasteful expenditure with strong words, but sitting back and not really pursuing accountability?
- Is it time to raise again the question voiced by President Mandela in 1999, in his farewell address to Parliament, "... as to whether this House is not a carriage on the gravy train, whose passengers idle away their time at the nation's expense."³⁰

The effectiveness of the democratic Parliament has been a widely expressed concern from the outset. The research team went back to review some of this history.

There are excellent reports in the records of Parliament on how to improve its influence and effectiveness. These were commissioned by one Parliament – but then often ignored by the next one.

We have mentioned the Corder report of 1999 above. There was also *The Report of the Independent Panel Assessment of Parliament*, a decade later in 2009. The Panel identified numerous problems that detract from oversight effectiveness. For example, it found that the party list electoral system provides a disincentive to individual members of the majority party "to robustly hold the Executive to account". This is because of the unconditional power of political parties to remove any member from Parliament. Members are not independent

³⁰ Speech by President Nelson Mandela, Parliament, 26 March 1999, quoted in POSA (2009:3). [Mandela answered the question in the negative, pointing to the achievements of the first democratic Parliament.]

and are under pressure to “toe the party line” according to Dr Frene Ginwala, former Speaker of the NA.³¹

The Panel said that in any Parliamentary system, oversight can only be effective (and contribute to improved governance) “if Parliament asserts its independence and embraces the authority conferred on it by the Constitution”.³²

Sensitised by the “Travelgate” scandal, the Panel called for more “clarity regarding the ethical standards of Parliament.” It stated: “Considering the damaging impact that unethical behaviour has on the image of Parliament, the Panel felt strongly that the conditions under which Members of Parliament become ineligible to hold office should be reviewed. It proposed that any Member of Parliament who is convicted of corruption, fraud or a similar offence should be deemed ineligible to serve as a Member of Parliament.”³³

In subsequent years, the Constitutional Court has elaborated upon the great authority granted to Members of Parliament in the Constitution. But it is up to the Members themselves to agree on how best to use their authority. In practice, however, many Members take their democratic and constitutional duties lightly. Embroiled in constituency and factional distractions, they neglect the work for which they were elected to Parliament.

Two of the team’s interviewees in 2020 raised questions about the calibre of people nominated by parties to represent them in Parliament.

“... many members – probably the majority – had not prepared for the meetings. Two to three members have clearly done their work but many have no clue. A small proportion of the Committee has done the most basic preparation. How can you do oversight then? There is a need for Parliament to hold Portfolio Committee members accountable for what they do. Members are unprepared for meetings. Perhaps they need performance contracts?”³⁴

“The members of our Parliament come from a wide range of backgrounds. Induction of Members is efficiently handled by Parliament, but it is narrow – focusing on the institution, housekeeping procedures, basic rules, etc. There is no focus at all on ethics and what ethical behaviour should mean to MPs. ... Few Members prepare thoroughly for Committee meetings. Few know how to read balance sheets and the complex financial reports that flood into Parliament. Members may ask some minor question in a meeting – based on scanning a report rather than reading it in depth – and they think their work is done.”³⁵

This sparked a debate in the Checks and Balances Project’s validation workshop in November 2020 on whether there should be minimum qualification requirements for MPs.

31 POSA (2009:36-7 and 45). This point is also covered in the Corder report in a section titled “The difficult role of Parliament”.

32 POSA (2009: 34).

33 POSA (2009: 9; 80; 87; 90)

34 AG Bulletin 11.

35 AG Bulletin 16.

Uganda, for example, requires MPs to have at least passed “matric”.³⁶ The participants rejected the idea that there should be any educational minimum standard for MPs – this would limit democratic participation – but agreed that all Members should be encouraged to study to improve themselves and build their capacity as parliamentarians. Political parties might include educational attainments as one of the criteria for judging the suitability of people for placement on party election lists.

Some people will say the problem of “low quality” MPs lies in the electoral system, where nominees for seats in Parliament are not elected by an inclusive democratic process, but are chosen by parties’ murky internal processes. The electoral system has no way to exclude many ‘bad apples’ who parties choose to represent them.

Others will point to the failure of Parliament to include ethical training in the orientation sessions that are made available for new MPs. There may be some MPs who are genuinely unaware of the moral and ethical values in the Constitution which MPs ought to embody.

The action direction identified by the research team is to provide materials to assist parties to name ‘good people’ on their lists, and to exclude people with a past record of dishonesty and self-service. This means discovering and making available relevant information on the character and past performance of those seeking a place on the party list.

In ANC list-making, for example, branch members who vote for lists are often entirely ignorant on who they are voting for – if they are allowed to participate at all. Former President Kgalema Motlanthe told *New Agenda* in October 2020 that: “... the ANC is exclusive to card-carrying members, and few are elected into any leadership structures. Your only opportunity to participate in the political life of the ANC is at branch level and when general members’ meetings are convened, but those are rare and far apart. The majority of the ANC’s members do not have the opportunity to participate in its political life. We have a situation where the elected leadership structures, which were meant to coordinate and lead the general membership, have now substituted themselves for the general membership.”³⁷

In the longer term, some independent regulation and monitoring of party constitutions seems to be called for. Internal party processes are often intensely problematic, with intimidation, vote-buying³⁸ and corruption often surfacing. Perhaps this reflects the human condition. Democratic politics is no different from any other. Parties all get captured.

The Checks and Balances Project identifies the weakness of character of our Parliamentarians as the main reason why Parliament remains the least powerful of our three branches of government. And it is a major contributory factor in the failure of Parliament to insist that the executive implement the recommendations of the AG, comprehensively and determinedly.

³⁶ See <<http://parliamentwatch.ug/question/on-governments-plans-revise-the-minimum-educational-requirement-for-an-mp/>>

³⁷ *New Agenda* 78, December 2020.

³⁸ In 2002, the ANC amended its constitution to make it a disciplinary offence for a member to raise “funds for campaigning activities within the ANC aimed at influencing the outcome of a conference or meeting” (Rule 25.5u). This clause was removed when the rule on organisational discipline was again revamped in 2012.

The expanded powers of the AG are not there to do Parliament's job

Ben Turok was extremely sceptical that the expanded powers granted to the AG by Parliament would solve any problems. The process was intricate, lengthy and bureaucratic and depended entirely on the strength of other institutions. He wanted a Parliamentary process – Parliament calls the accounting officers in departments that have adverse audit outcomes, listens to them and if answers are not satisfactory, refers them to the SAPS in the next room, directly, for prosecution. The research team did not have the opportunity to interrogate him in more detail, but his strong feeling was that it is Parliament's role under the Constitution to hold the executive to account. Parliament must do this itself.

That is the thrust of the Checks and Balances report. But it is important to state clearly that the new mandate for the AG does not lift any responsibility from the shoulders of Parliament.

The “expanded mandate” granted to the AG by Parliament (effective from 1 April 2019)³⁹ was not intended to take oversight responsibility away from Parliament.⁴⁰ The new powers allow the AG to intervene administratively to encourage, and then compel, accounting officers to address material irregularities revealed by the auditing process. But Parliament has the prior responsibility to scrutinise executive action and to hold the executive to account. The new powers of the AG become relevant only when Parliament and the executive fail to perform their functions.

The new powers of the AG are the ultimate backstop, not a substitute for Parliamentary action. This is not a side issue. Kimi Makwetu told the IFAA research team in an interview how very important he thought the amended Public Audit Act to be. The focus of the Checks and Balances Project is Parliament, and how MPs can be assisted to do their work better. The AG said that Parliament now has to ask about whether accounting officers have taken appropriate action after being informed of material irregularities. This is a different question from the past, where the focus was on the implementation of AG recommendations.

(The view of the IFAA research team is that the new powers compromise the independence of the AG, because they treat the AG as an arm of the executive, doing what it should have done.⁴¹ The AG remains an independent auditor, reporting problems to the auditee and the executive. But, in addition, if the executive does not intervene, the AG is required to act administratively to try and recover lost money. The AG plays the dual role of referee and enforcer. This is against all traditions of the audit profession. This remains an opinion, not a finding of the research. A counter position was expressed during the consultations, that there is no necessary limitation of independence implied in the expanded mandate of the AG.)

In conclusion, even with the expanded mandate for the AG, Parliament remains at the apex of the **checks and balances** of our constitutional democracy and accountable government.

39 See Makwetu (2020) for an excellent description of and motivation for additional powers for the AG.

40 See AG Project Bulletin 11, 02 June 2020: “This is a preventative control, not a regulatory control. It is to ‘scare’ people into doing their job.”

41 This is explicitly acknowledged by the AG himself, who wrote: “The intervention of the Public Audit Act amendments seeks to achieve what is traditionally the role of those charged with oversight ...” (Makwetu, 2020).

Historical and comparative research

The *AG Bulletins*, listed in the Resources below, chart the main research routes followed by the Checks and Balances Project and include many more source references. Where URLs for documents are not given, IFAA has digital copies available on request.

Parliament

The role of Parliament as a check and balance is set out in the Constitution. Useful historical perspectives are provided by Constitutional Court judgments and the following:

Corder, H., Jagwanth, S., Soltau, F. 1999. *Report on Parliamentary Oversight and Accountability*. July. Cape Town: Parliament. [No longer on Parliament's website].

Murray, C. and Nizjink, L. 2002. *Building representative democracy: South Africa's legislatures and the Constitution*. Cape Town: Parliamentary Support Programme.

Parliament n.d. *Oversight and Accountability Model: asserting Parliament's oversight role in enhancing democracy*. [Completed in 2008]. Available at <<https://www.parliament.gov.za/oversight>>

Parliament of the Republic of South Africa (POSA) 2009. *Report of the independent panel assessment of Parliament*. 13 January. <https://www.parliament.gov.za/business-publications>

Auditor-General

The AGSA produced a fascinating publication on its 100-history in 2014. A colonial auditing office was transformed into government auditing for the apartheid regime and finally into the AGSA for a democratic SA – a world-leading “supreme audit institution” and the most effective (and well resourced!) of the Chapter Nine Institutions. The continuities are striking. The book also compares South Africa's highly progressive guarantees of AG independence with the situation in non-democratic countries and with the ideals adopted at the international conferences of supreme audit institutions in Lima and Mexico. South Africa is a world leader amongst supreme audit institutions, recognised currently as the chair of the INTOSAI capacity-building committee.

Yet on one key point, South Africa lags far behind: the weak implementation of audit recommendations by auditees and the failure of the executive and Parliament effectively to implement “consequence management”.

South Africa exerts huge efforts on planning and budgeting, and then on reporting and monitoring. But there is weak implementation and no effective feedback loop. The question arises whether the 700 qualified Chartered Accountants employed by AGSA would not be better engaged in managing risks and preparing financial statements for the 278 municipalities?

Auditor General South Africa 2014. *100 Years Legacy and Legends 1911-2011*. pp.110 At:
<https://www.agsa.co.za/AboutUs/CorporateInformation/TheLegacyBook.aspx>

This book needs to be read alongside the 1977 *Lima Declaration of Guidelines on Auditing Precepts* and,

INTOSAI 2004. *50 Years (1953-2003): A Special Publication of the International Organization of Supreme Audit Institutions*. Vienna, Austria. Available at: https://upload.wikimedia.org/wikipedia/commons/0/03/INTOSAI_50_Years.pdf

International

UK

The designation of “Accounting Officers” in the cycle of accountability for public funds in South Africa is derived from the British *Exchequer and Audit Departments Act* of 1866. William Ewart Gladstone, who was Chancellor of the Exchequer (Minister of Finance) from 1859-1866, introduced major reforms of public finance and introduced Parliamentary accountability that eventually made their way into colonial laws.⁴²

Midgley, H. 2019. The National Audit Office and the Select Committee System 1979–2019, *Parliamentary Affairs*, Volume 72, Issue 4, October Pages 779-798, <https://doi.org/10.1093/pa/gsz034>

Dewar, D. and Funnell, W. 2017. *A History of British National Audit: The Pursuit of Accountability*. Oxford, UK, Oxford University Press. DOI:10.1093/acprof:oso/9780198790310.001.0001

Fox, R. 2019. *Power of the Purse: what is the Estimates process and how does it work?* Hansard Society. 2 July. Available at: <<https://www.hansardsociety.org.uk/blog>>. This is the source for an *Economist* quote that Britain has “among the weakest systems for parliamentary control and influence over government expenditure in the developed world”. 02-Nov-2019 page 23.

Preliminary research was begun into Auditor-Generals / Courts of Audit in Canada, New Zealand, Australia, Austria and the Netherlands. This was not continued, because the problem in South Africa is decidedly not with government auditing (which is arranged very well and meets the highest international standards). The problem is with the failure of the executive and Parliament to ensure that audit recommendations are in fact implemented.

This was not found to be an issue in the countries surveyed.

⁴² UK National Audit Office (NAO) <<https://www.nao.org.uk/about-us/our-work/history-of-the-nao/>>

Resource List

List of internal AG Project Bulletins

The AG Project Bulletins were compiled for internal IFAA use in assembling themes and perspectives for the planned stakeholder consultations. They are not intended for any other use.

| | |
|-------------------------|---|
| AG Project Bulletin 01. | 31 October 2019 [List of the relevant legislation related to the role of the Auditor-General w r t reporting to Parliament; example of the information on AGSA reports on departments that is summarised by Parliament for the information of SCOPA] |
| AG Project Bulletin 02. | 12 November 2019 [Draft discussion paper – <i>Auditor-General project: Improving governance in South Africa: What checks and balances are missing?</i>] |
| AG Project Bulletin 03. | 10 February 2020 [Reflection on SCOPA's efforts to have former Prasa board members declared delinquent] |
| AG Project Bulletin 04. | 13 March 2020 [Reflection on AGSA 100-year legacy book] |
| AG Project Bulletin 05. | 16 March 2020 [Notes from our Interview with Mr Mkhuleko Hlengwa MP, Chairperson of the Select Committee on Public Accounts (SCOPA)] |
| AG Project Bulletin 06. | 29 March 2020 [Interview with Mr Wessel Pretorius, champion of the independence of Auditors General, 17 March 2020]. |
| AG Project Bulletin 07. | 19 March 2020. [Reflection on Parliament's lack of effective response to the intimidation of AG staff in Nelson Mandela Bay in November 2019 and on 18 March 2020; <i>City Press</i> article by Kimi Makwetu: <i>How SA can rid itself of wasteful, fruitless, unauthorised and irregular expenditure</i>] |
| AG Project Bulletin 08. | 07 April 2020. [Parliament is an unlikely champion of the Auditor General – adaptation of the views of Dr Frans Fiedler] |
| AG Project Bulletin 09. | 16 April 2020 [Notes from a conversation with Mr Murray Michel] |
| AG Project Bulletin 10. | 30 April 2020 [Notes from a conversation with Mr Michael Acres] |
| AG Project Bulletin 11. | 02 June 2020 [Interview with Mr Jan van Schalkwyk, AGSA] |

| | |
|-------------------------|---|
| AG Project Bulletin 12. | 26 June 2020 – revised 8 July – finalised 17 July [<i>Checks, in theory – balances, not really: What the devil do we do?</i> IFAA brief for a consultative meeting with informed colleagues – mainly from civil society held on 30 July 2020]. |
| AG Project Bulletin 13. | 07 July 2020 [Interview with the Auditor-General, Mr Kimi Makwetu] |
| AG Project Bulletin 14. | 09 August 2020 [Analysis of documents sent by the Deputy Speaker on 06 August 2020 – mainly on the 2007 report of the Asmal <i>ad hoc</i> Committee on the Chapter 9 institutions.] |
| AG Project Bulletin 15. | 18 August 2020 [Consultation follow-up 1: Note on CASAC, OVAC and Corder – existing recommendations towards improving accountability] |
| AG Project Bulletin 16. | 11 September 2020 [Interview with Mr Alf Lees MP] |
| AG Project Bulletin 17. | 19 October 2020 [Article published in <i>New Agenda</i> 78, December 2020 by the Checks and Balances Team – “ <i>Parliament and the Auditor General: The accountability gap and what can be done about it</i> ”?] |
| AG Project Bulletin 18. | 08 December 2020 [Notes from the November Validation Workshop and follow-up on the July Consultation with stakeholders; Project Bibliography] |

References

- Auditor General South Africa (AGSA). 2014. *100 Years Legacy and Legends 1911-2011*. Available at <https://www.agsa.co.za/AboutUs/CorporateInformation/TheLegacyBook.aspx>
- AGSA 2020. *Preventative Control Guides*. September. Available at: <https://www.agsa.co.za/AuditInformation/PreventativeControlGuides.aspx>
- Corder, H., Jagwanth, S., Soltau, F. 1999. *Report on Parliamentary Oversight and Accountability*. July. Cape Town: Parliament.
- Du Plessis, C. 2020. "The ANC goes into battle against graft – and a battle within itself." *Daily Maverick* 23 August. Available at: <https://www.dailymaverick.co.za/article/2020-08-23-the-anc-goes-into-battle-against-graft-and-a-battle-within-itself/>
- Institute for African Alternatives (IFAA) 2020. "Parliament and the Auditor General: The Accountability Gap and what can be done about it?" *New Agenda* 78. December
- INTOSAI. 1998. *The Lima Declaration of Guidelines on Auditing Precepts* as adopted in October 1977 at the IX INCOSAI in Lima (Peru), with Foreword by Dr Franz Fiedler, Secretary General of INTOSAI, Vienna, Autumn 1998. Available at <http://www1.worldbank.org/publicsector/pe/befao5/LimaDeclaration.pdf> (Accessed 23-Feb-2020)
- Makwetu, K. 2020. "How SA can rid itself of wasteful, fruitless, unauthorised and irregular expenditure." *City Press* 18 March. Available at: <https://city-press.news24.com/Voices/kimi-makwetu-how-sa-can-rid-itself-of-wasteful-fruitless-unauthorised-and-irregular-expenditure-20200318>
- Nicol, M. 2020a. *Words of Parliament No. 1: "Consequence Management"*. Available at http://pmg-assets.s3-website-eu-west-1.amazonaws.com/consequent_Management.pdf. [6188]
- Nicol, M. 2020b. "Parliament: an unlikely champion of the Auditor-General." *New Agenda* 77. July.
- Parliamentary Monitoring Group (PMG) Available at: <https://pmg.org.za>.
- Parliament of the Republic of South Africa (POSA) 2009. *Report of the independent panel assessment of Parliament*. 13 January. Available from: <https://pmg.org.za/policy-document/63/>. Accessed 02-Nov-2020
- Parliament. 2020. COGTA "Committee Chairperson calls for consequence management in errant municipalities across the country." Press release, 24 June 2020.
- Paton, C. 2020. "Can the government rise to a historic challenge?" *Business Day*, 24 June <https://www.businesslive.co.za/bd/opinion/columnists/2020-06-24-carol-paton-can-the-government-rise-to-a-historic-challenge/>.

AG reports used for the research

List of the reports of the AGSA to Parliament (at September 2020) consulted for the research

AGSA. 2020c. *FIRST SPECIAL REPORT on the financial management of government's COVID-19 initiatives*. 4 September. Available at: <<https://pmg.org.za/committee-meeting/31038/>>

AGSA. 2020b. *Consolidated General Report on the local government audit outcomes MFMA 2018-19* RP 208-2020 (About 200 unnumbered pages) Available at: <<https://www.agsa.co.za/Portals/o/Reports/MFMA/201819/GR/MFMA%20GR%202018-19%20Final%20View.pdf>>

Slides presented to the NCOP on 24 June 2020 on the MFMA audit outcomes 2018-19.

AGSA. 2020a. *2020-23 Strategic Plan and Budget of the Auditor-General of South Africa*. RP 55/2020. 92 pages.

AGSA. 2019c. *Consolidated General Report on national and provincial audit outcomes PFMA 2018-19*. RP 372-2019. (About 200 unnumbered pages) Available at: <<https://www.agsa.co.za/Reporting/PFMAReports/PFMA2018-2019.aspx>>

AGSA. 2019b. *Integrated Annual Report 2018/19*. RP 346-2019. 194 pages

All AG reports on departments and their entities have to be tabled by the responsible ministry – all in all several thousand pages of AG reports are tabled annually in Parliament – these are usually included within departmental and entity annual reports.

Acronyms and abbreviations

| | |
|-----------|---|
| AG | Auditor-General |
| AGSA | Auditor-General of South Africa |
| ANC | African National Congress |
| CASAC | Council for the Advancement of the South African Constitution |
| DA | Democratic Alliance |
| EFF | Economic Freedom Fighters |
| OVAC | Oversight and Accountability |
| PFMA | Public Finance Management Act |
| BRRR | Budgetary Review and Recommendation Report (compiled in terms of the Money Bills Act) |
| SA | South Africa |
| SCoAG | Select Committee on the Auditor General (National Assembly) |
| SCOPA | Select Committee on Public Accounts (National Assembly) |
| PMG | Parliamentary Monitoring Group |
| NA | National Assembly, Parliament |
| NCOP | National Council of Provinces, Parliament |
| NT | National Treasury |
| IFAA | Institute for African Alternatives |
| MP | Member of Parliament |
| INTOSAI | International Organization of Supreme Audit Institutions |
| SAI | Supreme Audit Institution (also called Auditor General or Court of Audit) |
| AFROSAI-E | African Organization of English Speaking Supreme Audit Institutions |



INSTITUTE FOR AFRICAN ALTERNATIVES

Phone: +27 21 4612340

Address: Community House, 41 Salt River Rd, Salt River, Cape Town 7925

Email: admin@ifaaza.org

Website: www.ifaaza.org