

RISK BASED AUDITING:
A STRATEGIC APPROACH TO
PUBLIC SECTOR
ACCOUNTABILITY

*THE 12TH ANNUAL NATIONAL
PUBLIC SECTOR CLEAN AUDIT
INDABA 2024*

AGENDA



- PUBLIC SECTOR ACCOUNTABILITY FRAMEWORK



- CREATING A RISK AWARE CULTURE



- ALIGNING RISK-BASED APPROACH TO FRAMEWORK



- TECHNOLOGY AS A FACILITATOR TO RISK MANAGEMENT

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STATUTES TO PUBLIC SECTOR ACCOUNTABILITY

PFMA

- Section 38 – Accounting Officer
- Section 45 – Other Officials

MFMA

- Chapter 8 – Responsibilities of Municipal Officials

KEY MESSAGE: Duty to maintain effective, efficient and transparent systems of financial management, risk management and internal control.

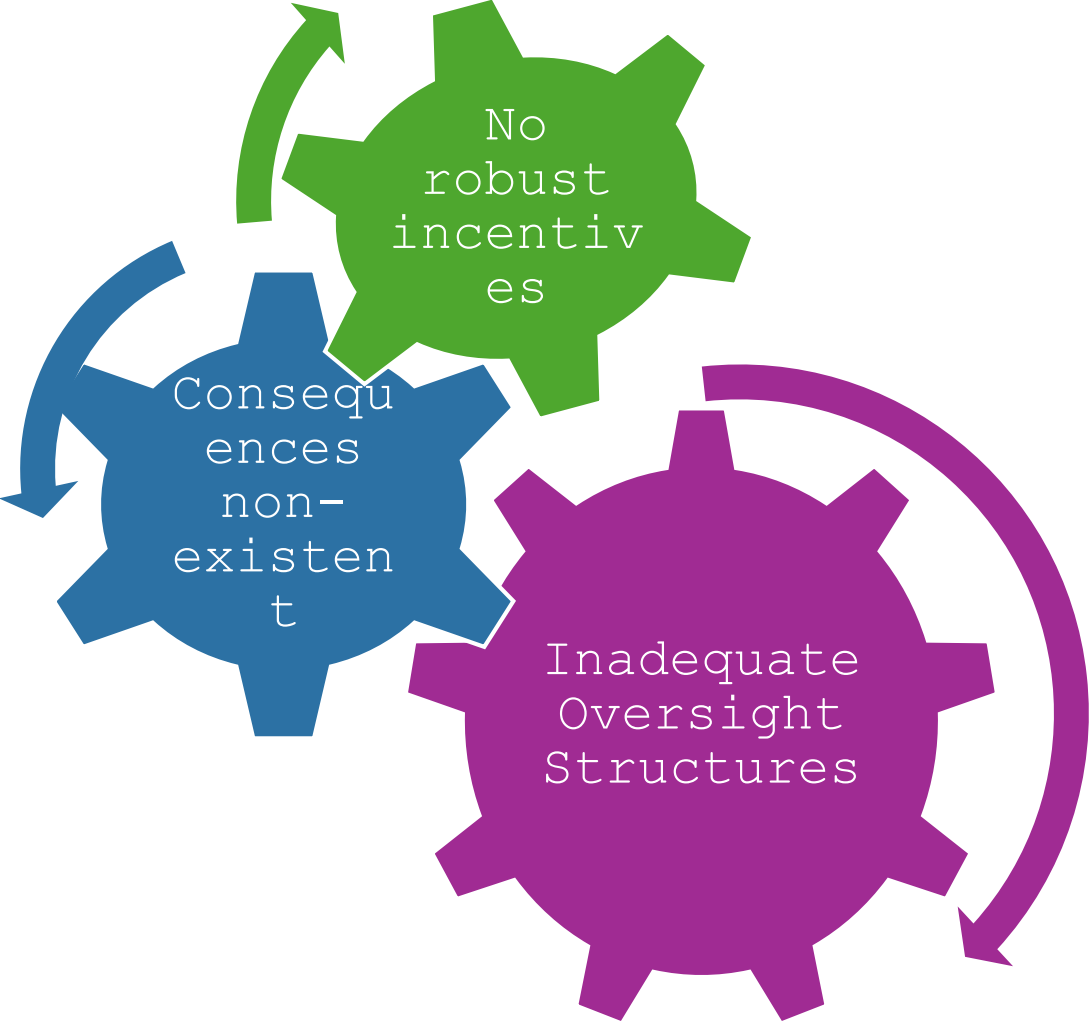
SPECIFIC ACCOUNTABILITY DOCUMENTS

STRATEGIC PLANS / SDBIP

ANNUAL PERFORMANCE PLANS

PERFORMANCE AGREEMENTS

WEAKNESSES OF THE GOVERNANCE FRAMEWORK



STRENGTHENING ACCOUNTABILITY

- Criteria to assess

Credentials in Oversight Structures

- Aligning Risks to Strategy

Strengthen Strategic Plans

- Evaluating Performance for

Performance Agreements

- Risk-Based Approach

Internal Audit Functions

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EMBEDDING RISK-AWARE CULTURE



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RISK-BASED APPROACH

ACCOUNTABILITY	RISKS
Strategic Plans / SDBIP	<ul style="list-style-type: none">- Failure to deliver on mandate- Failure to achieve strategic objectives
Annual Performance Plans	<ul style="list-style-type: none">- Failure to achieve operational objectives
Performance Agreements / Contracts	<ul style="list-style-type: none">- Failure to achieve targets

RISK-BASED APPROACH



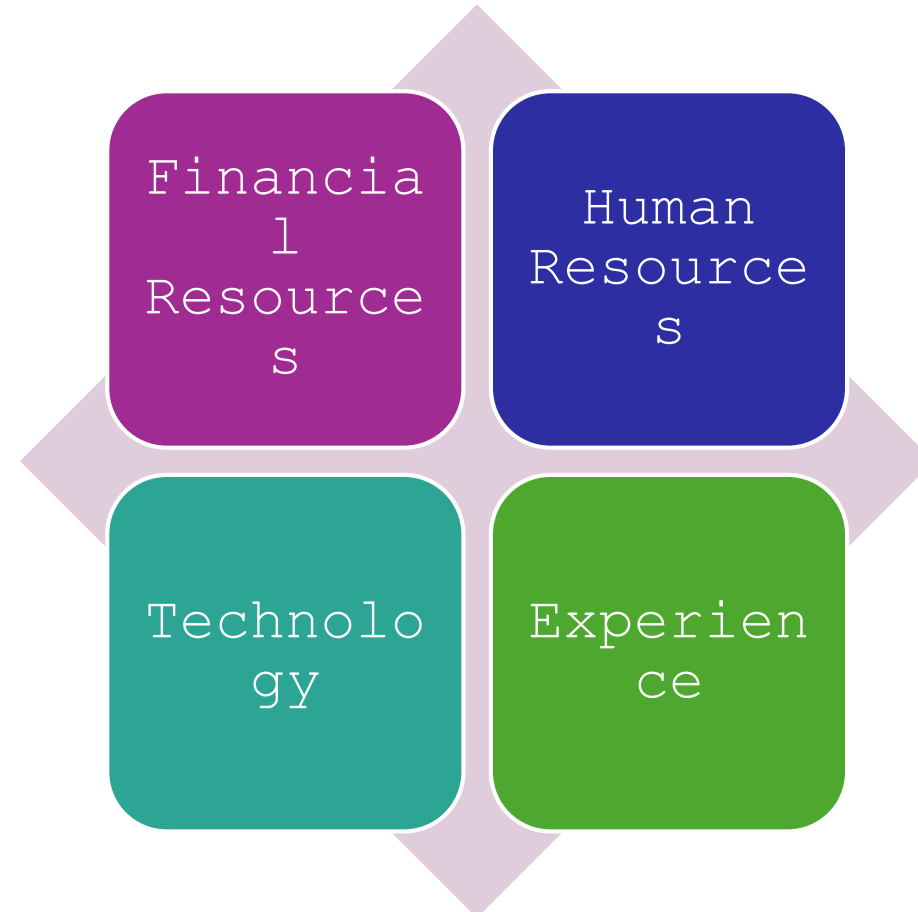
Risk-Based Approach

- Risk Profiling aligned to strategy
- Focus on high-risk areas

Traditional Audit Approach

- Process based

JUSTIFICATION FOR RISK-BASED APPROACH



IMPORTANT TO RECOGNISE THESE LIMITATIONS

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- **TECHNOLOGY AS A FACILITATOR TO RISK MANAGEMENT**

EXTENT OF TECHNOLOGY IN THE PUBLIC SERVICE



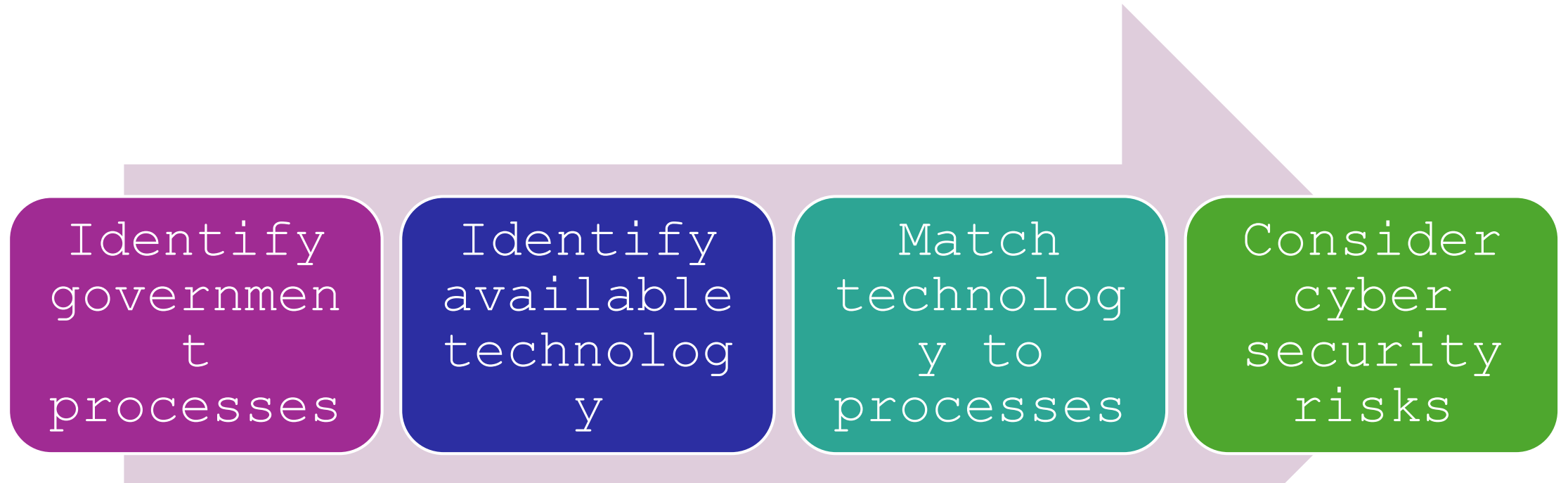
- e-mails

- Automated Program Interface's to banking institutions

- Pots of effective use of IT (e.g. SARS)

ARGUMENT: HOW FAR IS THE PUBLIC SERVICE IN DISCUSSING CYBER SECURITY RISKS IN MATERIAL TERMS?

CYBER SECURITY CONSIDERATIONS



COST BENEFIT EVALUATION CRITICAL

TECHNOLOGY IN RISK MANAGEMENT / AUDITING PROCESS



The End...

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