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# FROM AUDIT FINDINGS TO ACTION: HOW TO TURN RECOMMENDATIONS INTO REAL CHANGE IN THE PUBLIC SECTOR

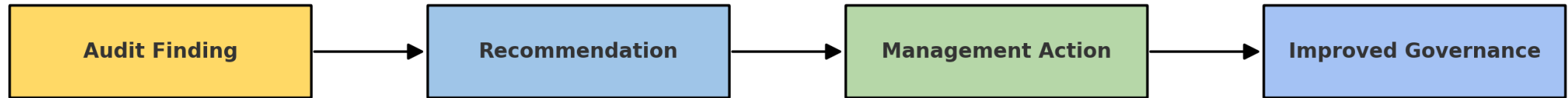
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**Presented by:** Dr. Lesedi Senamele Matlala

**Date:** 09 May 2025

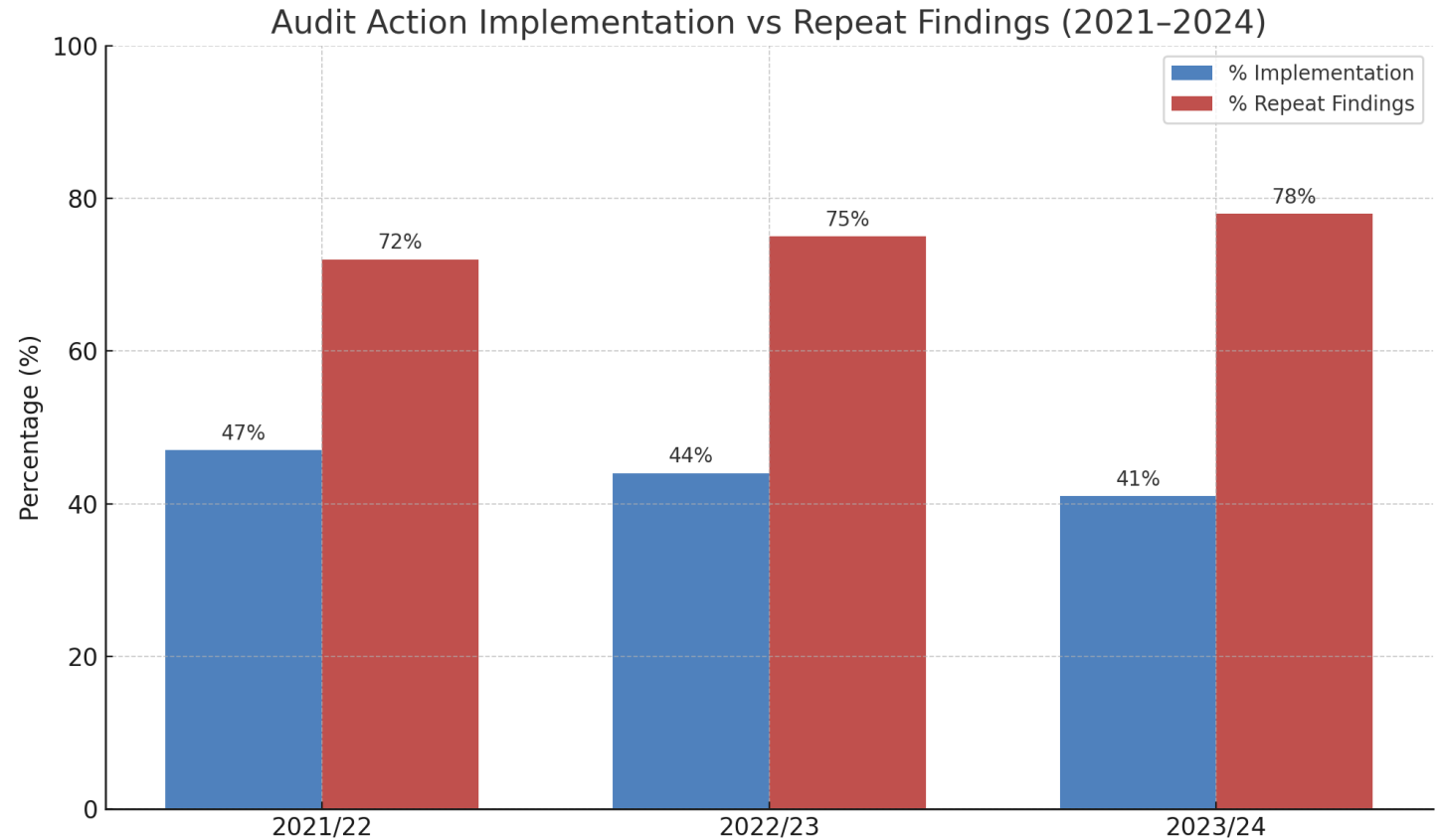
# Why Audit Recommendations Matter?

- Serve as a critical feedback loop between oversight institutions and operational departments.
- Enable corrective action, policy improvement, and institutional reform.
- Help identify systemic control failures beyond transactional non-compliance.
- Provide forward-looking risk intelligence that informs planning and budgeting cycles.



# The Scale of the Implementation Gap in South Africa

- **AGSA (2023/24):** Only 41% of prior audit action plans were fully implemented across national and provincial departments, down from 47% in 2021/22.
- **Repeat findings remain a systemic issue:** AGSA reports over 80% of material irregularities were linked to recurring non-compliance or financial mismanagement.
- **Lack of consequence management is a core bottleneck:** 67% of departments with adverse or disclaimed opinions took no disciplinary action.
- Fragmented accountability structures between executive authorities, accounting officers, and audit committees reduce implementation momentum.

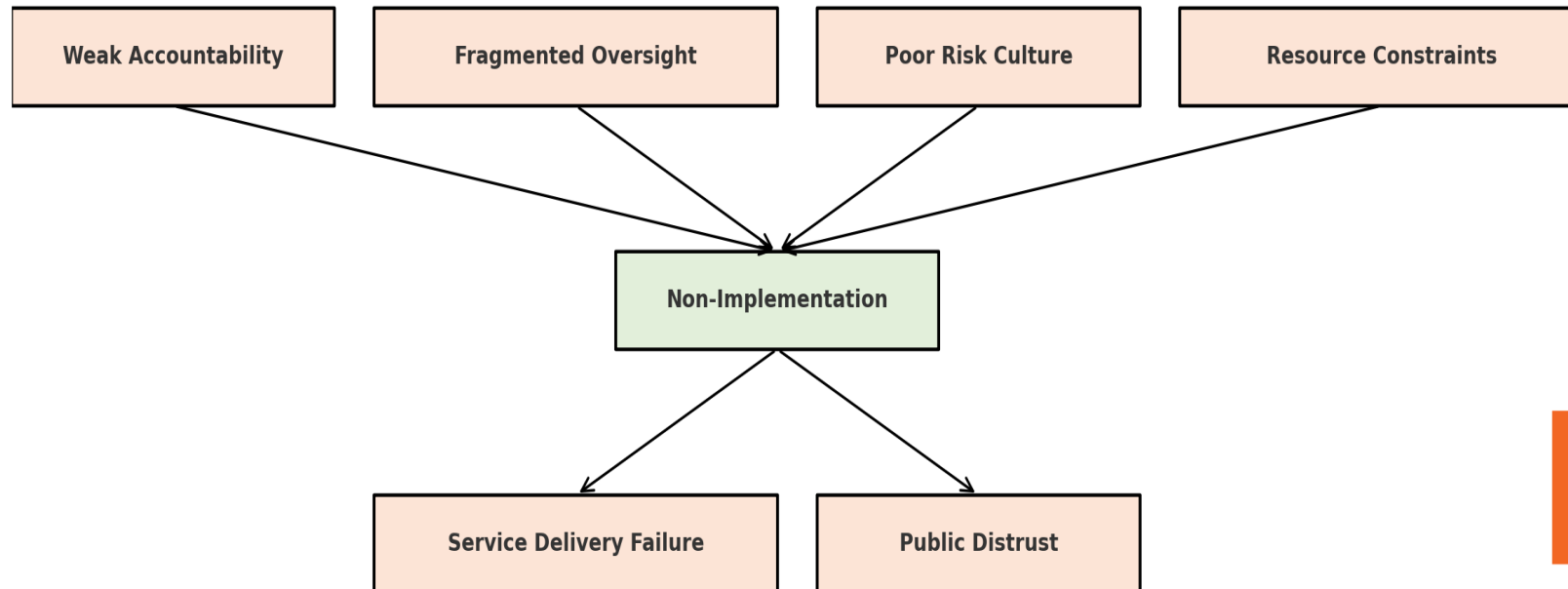


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# Root Causes of Non-Implementation

- **Weak Accountability Mechanisms** - Lack of consequence management: senior officials often face no disciplinary action for ignoring audit recommendations.
- AGSA (2024): Over 60% of departments with adverse findings had no follow-up action or investigations.
- **Overloaded and Fragmented Oversight Structures** - Departments answer to multiple oversight bodies (AGSA, SCOPA, internal audit, Treasury) with no unified compliance framework.
- This leads to duplicated efforts, audit fatigue, and a dilution of responsibility.
- **Poor Risk Culture and Internal Control Weaknesses** - Many institutions focus on compliance for reporting purposes, not as part of a broader risk and performance culture.
- AGSA (2024): Nearly 70% of departments assessed had inadequate internal control systems for tracking and responding to findings.
- **Resource and Capacity Constraints** - Skills shortages in finance, audit, and supply chain management persist — especially at local government level.
- Lack of dedicated capacity to coordinate implementation of audit action plans.



# The 3 Questions

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- 1. Can accountability exist without consequences?** - If audit findings continually reveal mismanagement but no one is held responsible, is the system truly accountable, or is it simply documenting failure?
- 2. Is inaction on audit recommendations a form of institutional complicity?** - When public officials ignore findings intended to protect the public good, are they not just negligent, but ethically culpable?
- 3. Who is ultimately responsible for transformation — systems or people?** - If robust processes exist but outcomes don't improve, should we question the design of the system, or the moral courage of those entrusted to lead it?



# Beyond Compliance — The Role of Strategic Follow-Up Systems

- **Shift from one-off audits to integrated follow-up cycles** - AGSA recommends institutionalizing audit follow-ups within departmental operational and strategic planning cycles.
- **Performance-linked audit tracking** - Effective departments align audit recommendations with KPIs and include them in quarterly performance reviews.
- **Integrated GRC (Governance, Risk & Compliance) platforms** - Tools like BarnOwl and CaseWare allow automated tracking of audit issues, deadlines, and accountability — reducing reliance on spreadsheets and ad hoc monitoring.
- According to BarnOwl, integration of audit tracking within risk registers improves closure rates by up to 38%.
- **Use of audit dashboards for real-time accountability** - Some departments now employ real-time dashboards (e.g., in the Western Cape Treasury) that colour-code outstanding recommendations by risk category and age.

Issue	Risk Rating	Responsible Person	Due Date	Status
Irregular Expenditure - SCM	High	Mr. Dlamini	2024-12-31	Overdue
Late Reconciliation of Accounts	Medium	Ms. Mokoena	2024-11-15	In Progress
Unfilled Vacant Posts	High	Mr. Jacobs	2024-10-01	Closed
Weak Asset Management	Low	Ms. Naidoo	2024-09-30	Overdue
Ineffective Internal Audit	Medium	Mr. Patel	2024-12-15	In Progress

Overdue
  In Progress
  Closed



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# Strengthening Accountability for Implementation

- **Consequence management remains inconsistent** - AGSA (2024): Only 31% of departments with material irregularities had initiated disciplinary, civil, or criminal processes.
- **Weak linkages between findings and executive performance contracts** - Many DGs and municipal managers are not held directly accountable for unresolved audit issues.
- **Audit committees and internal audit units often lack teeth** - In 2023/24, 28% of departments had non-functional or partially compliant audit committees.
- **SCOPA hearings lack systematic follow-through** - Parliamentary pressure is often episodic, with limited tracking of post-hearing implementation.



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# Collaborative Implementation Planning

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- **Action plans must be developed with auditee involvement** - EUROSAI (2021): SAIs that involve auditees in crafting time-bound, realistic action plans report higher implementation rates.
- **Assigning accountability: not just “who signs,” but who delivers** - Effective plans detail responsible officials, timelines, and performance indicators — linking to risk registers and operational plans.
- **Verification and validation mechanisms are key** - Follow-ups should include random spot checks, evidence logs, and independent review by audit committees.
- **Agile review processes improve responsiveness** - Quarterly or biannual reflection workshops help track bottlenecks and recalibrate plans — especially for complex findings.



# Leveraging Digital Tools for Implementation

- **Audit tracking software reduces implementation lag** - Platforms like BarnOwl, CaseWare, and Resolver integrate audit issues with risk registers and performance dashboards.
- Automates reminders, escalations, and issue closure documentation.
- **Dashboards enhance transparency and executive visibility** - Custom dashboards allow DGs and CFOs to track pending recommendations by department, priority, and risk level.
- Some provincial treasuries (e.g., Western Cape) have developed real-time public audit portals.
- **Mobile-enabled reporting improves responsiveness** - Enables field managers to update issue statuses, upload supporting documents, and flag risks — especially in decentralized departments.
- **AI and analytics emerging for risk profiling** - AGSA is piloting predictive analytics to identify departments at high risk of repeat findings or irregular expenditure.



# Building Institutional Memory and Learning Loops

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- **Recurring findings signal weak institutional learning** - AGSA (2023/24): 78% of repeat findings were linked to failure to institutionalize corrective practices across financial years.
- **Create repositories of resolved audit issues** - Some departments now use internal knowledge bases to track historic findings, response strategies, and lessons learned.
- **Peer learning accelerates reform** - Treasury and DPME provincial roadshows showcase implementation models from better-performing departments.
- **Audit findings should inform policy and reform** - Lessons from audit findings can feed into Public Financial Management (PFM) reform, service delivery models, and systems design.

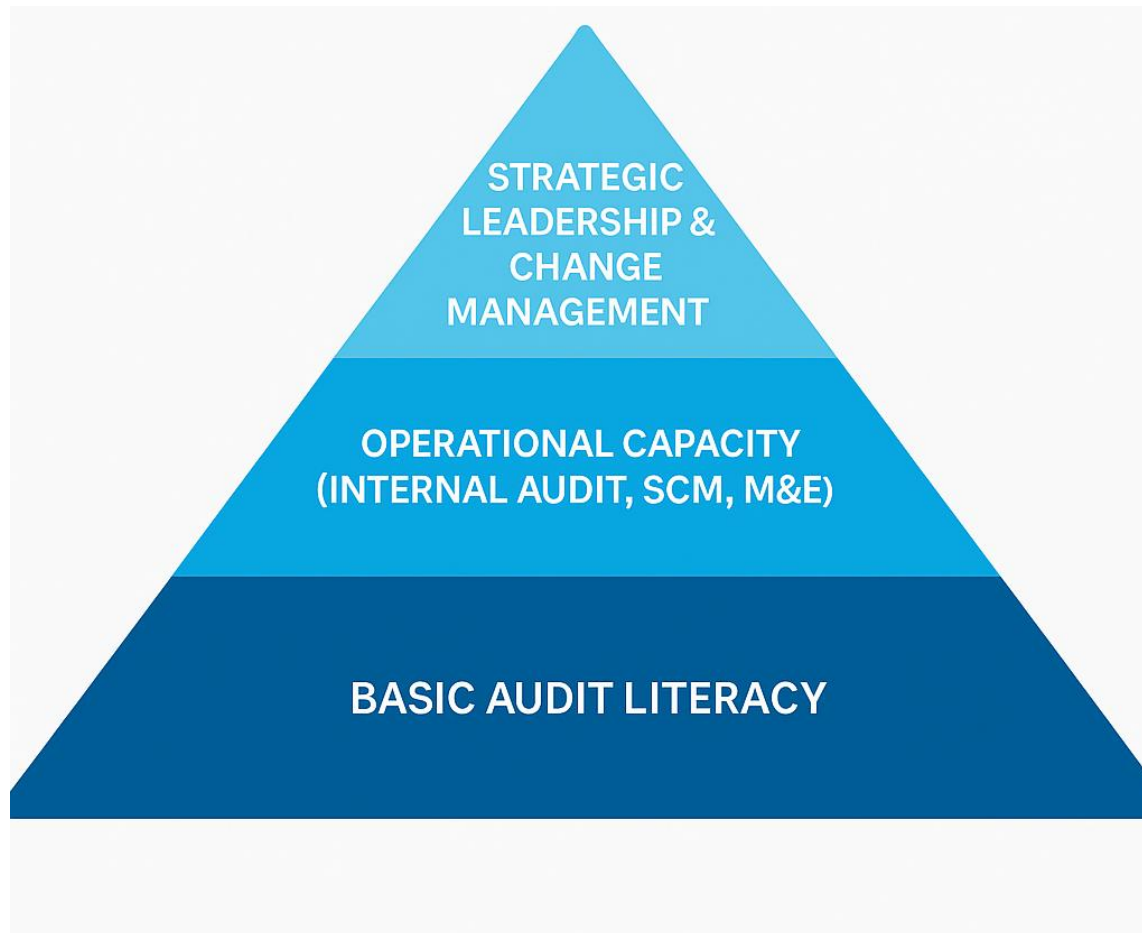




## Enabling Public and Political Pressure for Implementation

- **Public interest audit reports are underutilized** - While AGSA publishes findings, many departments do not translate them into public-facing reforms or commitments.
- **Civil society can amplify findings and demand action** - Organizations like OUTA, Corruption Watch, and community-based groups have used audit findings to campaign for consequence management.
- **Parliamentary oversight (e.g., SCOPA) can drive follow-through** Some SCOPA committees now summon departments multiple times to track repeat findings.
- **Media exposure helps break bureaucratic inertia** - Investigative journalism (e.g., amaBhungane, Daily Maverick) has helped surface ignored audit recommendations and pressured senior officials to act.

# Investing in Capacity and Leadership for Sustainability



- **Audit implementation requires skilled leadership** - Many DGs, CFOs, and municipal managers lack the operational and change management skills needed to embed audit responses.
- **Dedicated internal audit and M&E capacity is still weak** - In 2023/24, over 40% of municipalities lacked fully functional internal audit units, and only 27% had trained M&E officers.
- **Training must be practical and audit-linked** - Treasury and AGSA-led capacity-building should focus on:
  - Audit action planning
  - Root cause analysis
  - Integrating findings into strategic and operational plans
- **Succession planning ensures continuity** - Frequent leadership turnover undermines follow-through. Institutional memory needs to be preserved through structured transition protocols.

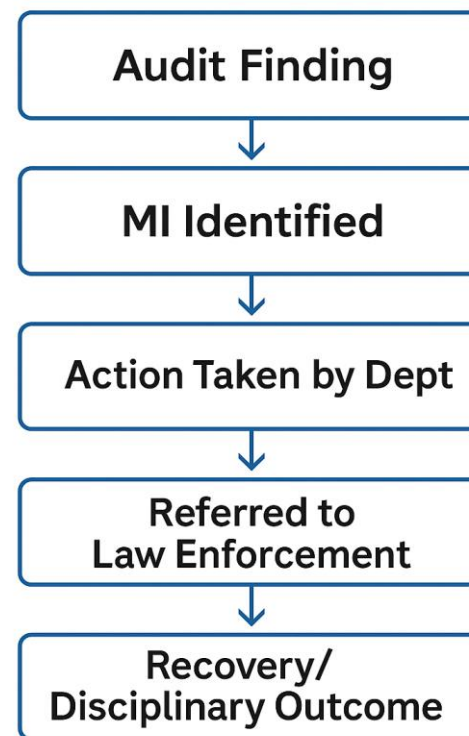


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# Strengthening the AGSA's Enforcement Role

- **Public Audit Amendment Act (2018) expanded AGSA's powers** - AGSA can now issue Material Irregularity (MI) certificates, compel implementation, and refer cases to law enforcement.
- **Enforcement is still underutilized** - By 2024, only a limited number of MI certificates led to financial recovery or disciplinary action, despite widespread findings.
- **AGSA's Referral and Tracking Framework is evolving** - Efforts are underway to automate tracking of referred cases and improve cooperation with SIU, Hawks, and NPA.
- **Institutional support structures remain weak** - Audit committees and executive authorities are often unaware of their obligations under the MI regime.



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# Strategic Recommendations for Turning Findings into Action

- **Embed audit response into strategic planning and budgeting cycles** - Treat audit recommendations as part of organizational improvement, not just compliance checklists.
- **Institutionalize risk-based tracking and reporting tools** - Adopt digital dashboards and heatmaps to prioritize, monitor, and escalate findings.
- **Strengthen consequence management through AGSA, SCOPA, and internal mechanisms** - Reinforce the MI regime and link audit follow-through to performance reviews and legal accountability.
- **Foster a culture of implementation through leadership and training** - Build capability across internal audit, M&E, SCM, and executive leadership to support follow-through.
- **Enhance transparency and external pressure** - Leverage civil society, Parliament, and media to demand action and track commitments.



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# Conclusion & Call to Action

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- **Audit findings alone do not deliver change — action does.** - The real value of audits lies in the transformation they provoke, not just the risks they reveal.
- **Turning recommendations into results requires alignment, accountability, and urgency.** - Systems must be integrated, roles clarified, and responses time-bound.
- **South Africa cannot afford repeat findings.** - AGSA data shows recurring weaknesses costing billions — this is no longer just a governance issue, but a service delivery crisis.
- **You — as auditors, executives, and oversight leaders — are the catalysts.** - Use the tools, influence, and mandates at your disposal to make implementation non-negotiable.

*"The credibility of our institutions hinges not on what we uncover, but on what we change. Let us commit to ensuring that every audit recommendation — whether it flags a risk, failure, or opportunity — becomes the first step toward visible improvement. The time to act is now."*



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