



# ROOT CAUSE ANALYSIS AS A TOOL FOR SUSTAINABLE AUDIT IMPROVEMENT

Mathato Makhaye

# ROOT CAUSES

## ***ETHICAL LEADERSHIP FAILURES AND ABUSE OF AUTHORITY***

Leaders misuse delegated powers, override controls, influence decisions improperly, and fail to promote an ethical culture.

### **Indicators**

- Management override of controls
- Fraud and corruption
- Nepotism and favouritism
- Procurement manipulation
- Abuse of authority

## ***POLITICAL INTERFERENCE IN ADMINISTRATIVE PROCESSES***

Administrative decisions are influenced by political interests rather than legislation, policy, and sound governance principles.

### **Indicators**

- Interference in appointments
- Interference in procurement
- Protection of misconduct
- Delayed corrective action
- Weak administrative independence

# ROOT CAUSES

## ***INAPPROPRIATE APPOINTMENTS AND LEADERSHIP INSTABILITY***

Key positions are occupied by individuals lacking the necessary competence, experience, integrity, or independence.

### **Indicators**

- Extended acting appointments
- Frequent leadership changes
- Weak governance oversight
- Poor decision-making
- Control override

## ***SKILLS, CAPACITY AND COMPETENCY DEFICIENCIES***

Officials responsible for critical processes lack the required technical skills, qualifications, or experience.

### **Indicators**

- Poor quality financial statements
- Repeat audit findings
- Compliance failures
- Dependence on consultants
- Weak record management



# ROOT CAUSES

## **WEAK GOVERNANCE, INTERNAL CONTROLS AND PROCESS DESIGN**

Controls are poorly designed, inadequately implemented, or not monitored effectively.

### **Indicators**

- Weak procurement controls
- Poor segregation of duties
- Inadequate monitoring
- Ineffective review processes
- Weak risk management

## **LACK OF ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT**

Misconduct, poor performance, fraud, and control failures are not addressed appropriately, resulting in recurring findings and a culture of impunity.

### **Indicators**

- Repeat audit findings
- Failure to discipline officials
- Failure to recover losses
- Investigations without outcomes
- Non-compliance without consequences

# ROOT CAUSES

## **UNETHICAL ORGANISATIONAL CULTURE AND MISALIGNED INCENTIVES**

An environment exists where personal gain is prioritised over public value and service delivery.

### **Indicators**

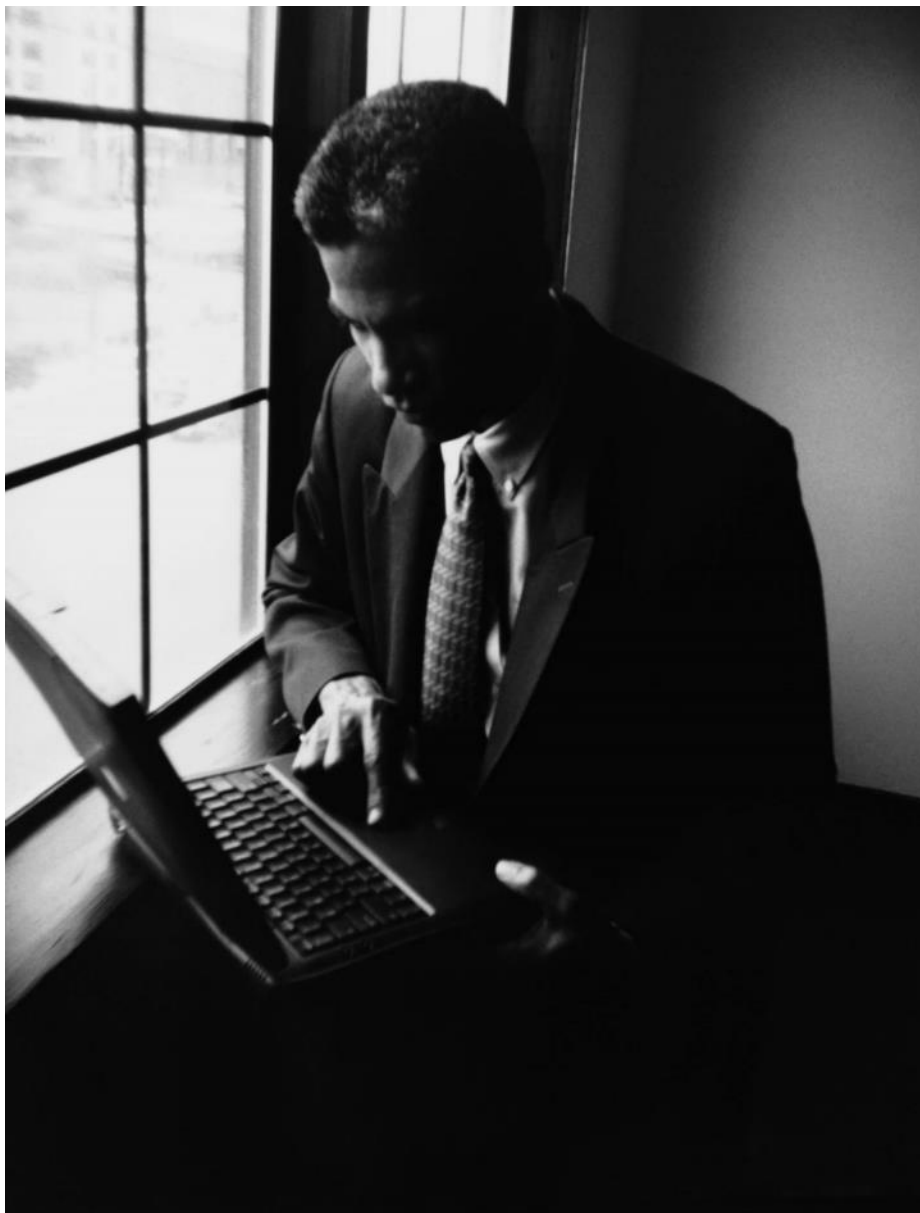
- Kickbacks
- Bid rigging
- Conflict of interest
- Self-enrichment
- Collusion

## **LACK OF ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT**

Employees and stakeholders are discouraged from reporting wrongdoing due to fear of retaliation, victimisation, intimidation, or personal harm.

### **Indicators**

- Victimisation of whistleblowers
- Suppression of allegations
- Failure to investigate reports
- Fear of reporting misconduct
- Weak ethics reporting channels



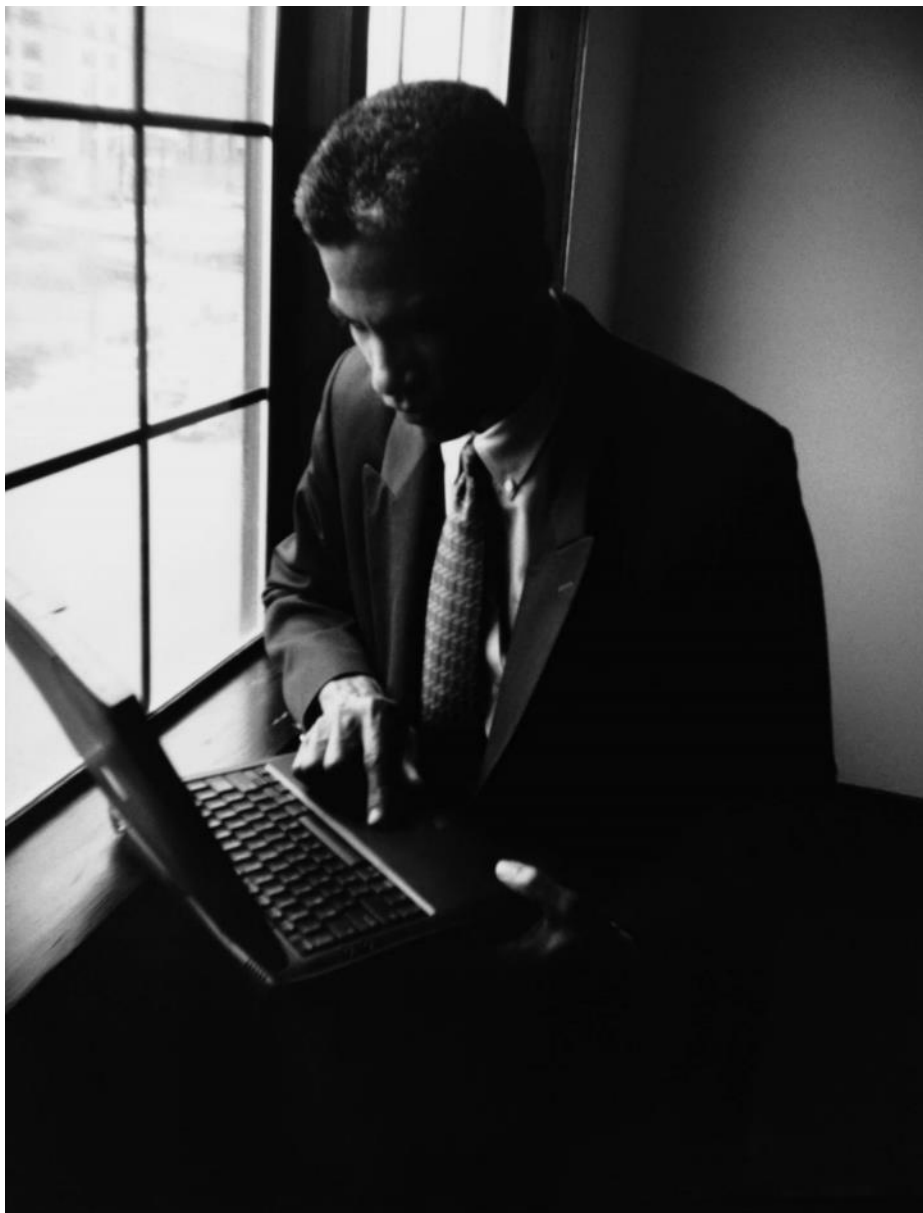
# SUSTAINABLE AUDIT IMPROVEMENT

## ***Ethical Leadership Failures and Abuse of Authority*** ***Sustainable Improvement Actions***

- Strengthen ethical leadership training for executives and senior managers.
- Conduct annual ethics and integrity assessments.
- Implement lifestyle audits for officials in high-risk positions.
- Strengthen declarations of interest and conflict-of-interest monitoring.
- Establish independent review mechanisms for high-risk decisions.
- Promote a tone-from-the-top culture focused on ethics and accountability.

## ***Political Interference in Administrative Processes***

- Clearly separate political oversight from administrative execution.
- Strengthen governance charters defining roles and responsibilities.
- Protect accounting officers and officials from undue influence.
- Increase transparency in procurement and recruitment processes.
- Strengthen oversight by audit committees and oversight structures.
- Document and report instances of inappropriate interference.



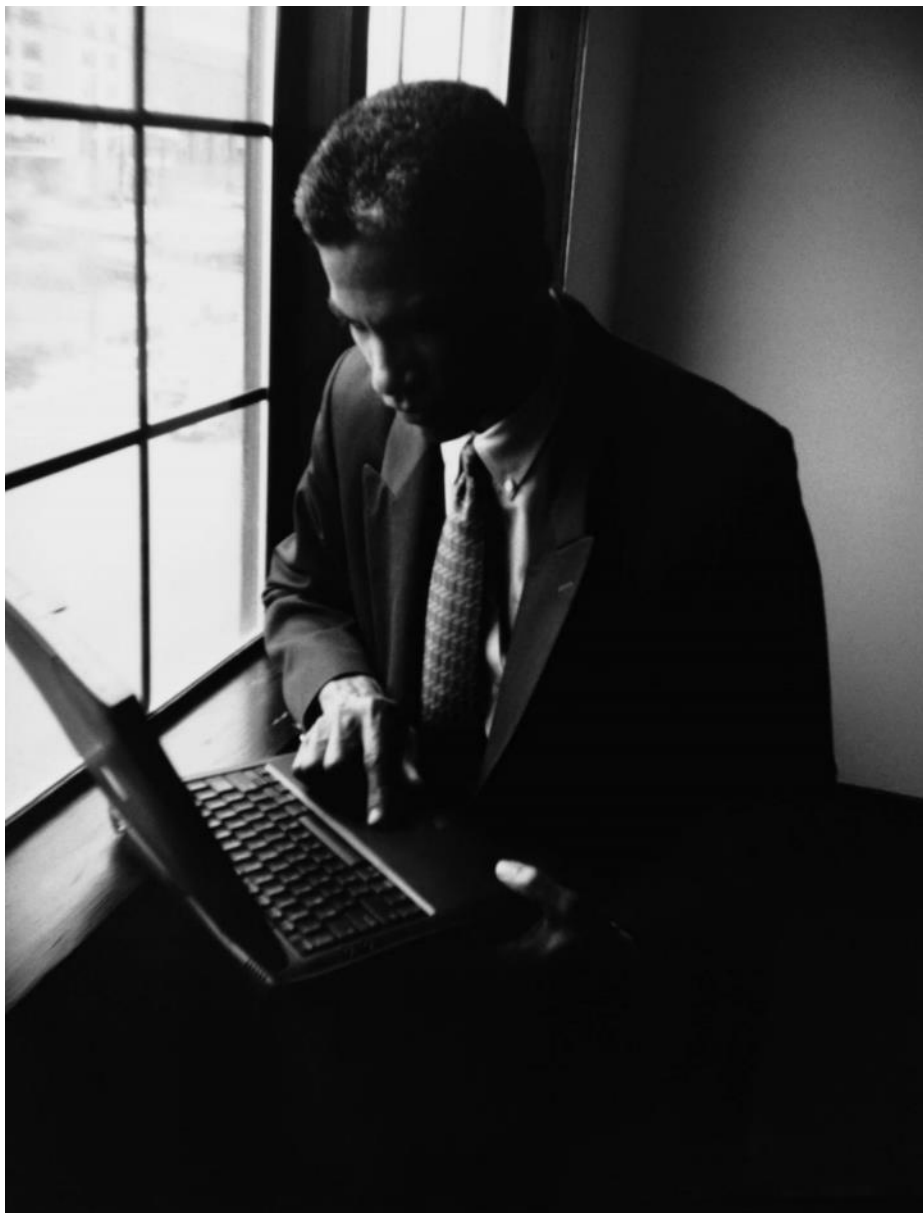
# SUSTAINABLE AUDIT IMPROVEMENT

## ***Inappropriate Appointments and Leadership Instability***

- Implement competency-based recruitment processes.
- Strengthen vetting and reference verification procedures.
- Limit prolonged acting appointments.
- Develop succession planning frameworks.
- Establish minimum competency requirements for key positions.
- Conduct regular performance assessments for senior management.

## ***Skills, Capacity and Competency Deficiencies***

- Develop targeted training programmes.
- Conduct annual skills-gap assessments.
- Implement professional development plans.
- Strengthen mentorship and coaching programmes.
- Recruit appropriately qualified personnel.
- Reduce dependency on consultants through skills transfer initiatives.



# SUSTAINABLE AUDIT IMPROVEMENT

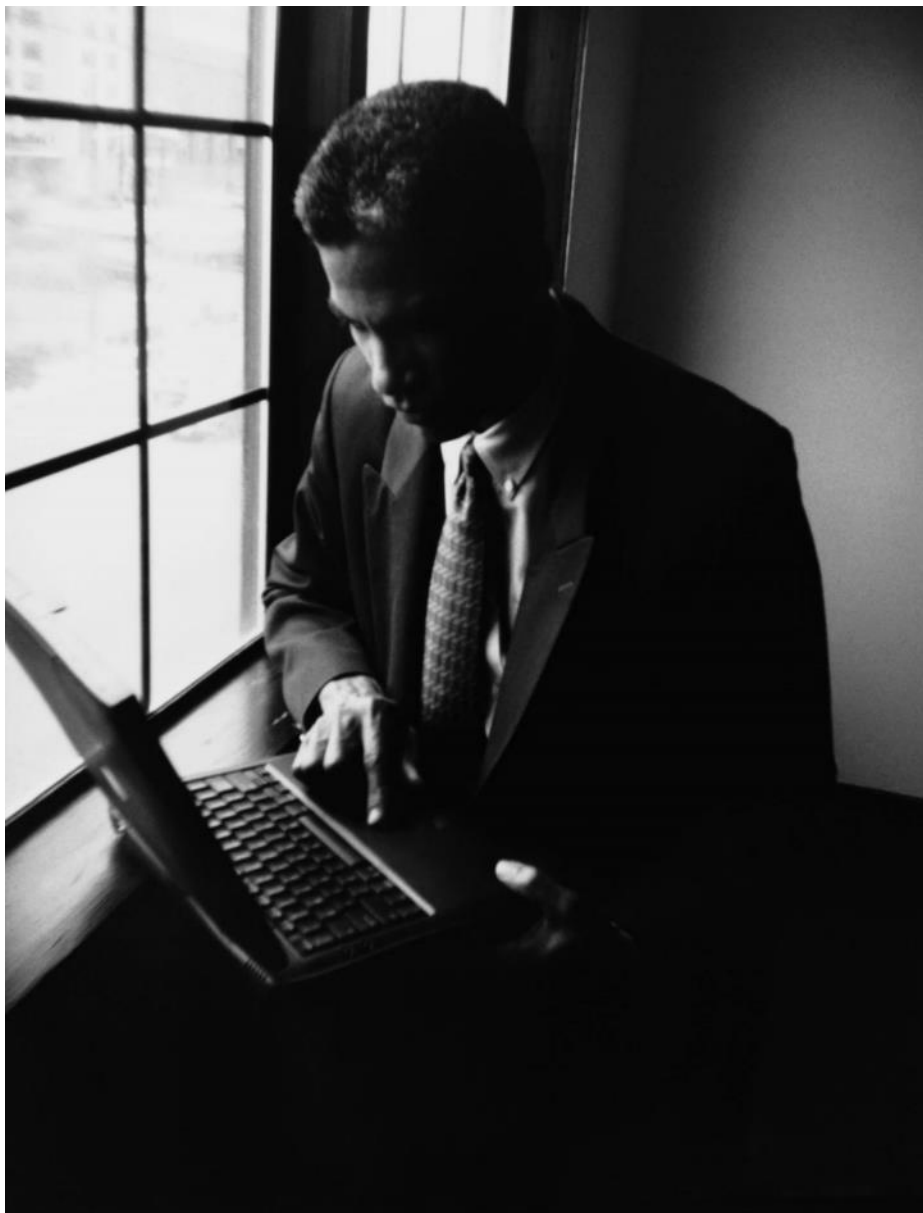
## ***Weak Governance, Internal Controls and Process Design***

- Review and redesign high-risk business processes.
- Strengthen segregation of duties.
- Automate key controls where possible.
- Implement monthly control self-assessments.
- Strengthen risk management and internal audit functions.
- Monitor implementation of corrective action plans.

## ***Lack of Accountability and Consequence Management***

- Implement consequence management frameworks.
- Ensure investigations are completed within prescribed timeframes.
- Track disciplinary actions and recovery of losses.
- Link performance evaluations to accountability outcomes.
- Establish audit finding accountability registers.
- Monitor implementation of corrective actions by management.





# SUSTAINABLE AUDIT IMPROVEMENT

## ***Unethical Organisational Culture and Misaligned Incentives***

- Develop and communicate ethics policies regularly.
- Conduct ethics awareness campaigns.
- Strengthen fraud prevention plans.
- Monitor conflicts of interest continuously.
- Recognise and reward ethical behaviour.
- Promote transparency in decision-making processes.

## ***Failure to Protect Whistleblowers and Speak-Up Mechanisms***

- Strengthen whistleblower protection mechanisms.
- Establish independent reporting channels.
- Ensure confidentiality of reported matters.
- Monitor allegations until final resolution.
- Prohibit retaliation against whistleblowers.
- Conduct awareness campaigns on protected disclosures.



# SUMMARY

Root Cause Analysis is not merely an audit tool; it is a tool for transformation. It enables us to move beyond identifying symptoms and recurring findings and focus on the underlying issues that prevent us from achieving the objectives.

Throughout this presentation, we have seen that many of the challenges affecting audit outcomes, governance, service delivery, and public trust can be traced back to a few fundamental root causes, including leadership failures, weak accountability, political interference, skills deficiencies, weak controls, and unethical organisational cultures.



# SUMMARY

However, sustainable improvement cannot be achieved by auditors alone. It requires commitment from leaders, oversight structures, management, employees, and all stakeholders involved in the accountability ecosystem. When we work together to address root causes rather than symptoms, we create stronger institutions, better governance, improved service delivery, and ultimately better outcomes for the citizens we serve.

As South Africans, we are often confronted with challenges that may tempt us to lower our standards or accept wrongdoing as normal. Yet sustainable change begins with individual choices. Regardless of what is happening around us, we must remain committed to doing the right thing, even when it is difficult, unpopular, or inconvenient.



# SUMMARY

Integrity is not determined by circumstances; it is demonstrated through our actions when no one is watching. Every ethical decision, every control implemented, every act of accountability, and every effort to improve governance contributes to building a stronger and more prosperous South Africa.

If we collectively commit to addressing root causes, strengthening accountability, and consistently doing the right thing, we can improve not only audit outcomes but also the future of our institutions, our communities, and our country.

**"Sustainable audit improvement begins when we stop treating findings and start addressing the causes behind them."**





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**THANK YOU**