



African Journal of Public Affairs

Volume 7 number 3 • October 2014

Table of Contents

Editorial

vii

ARTICLES

L J Erasmus and H Fourie

Perceptions on internal audit function contributions in South African national government departments **1**

K Barac and M van Staden

Internal auditing as a corporate governance mechanism **17**
A comparison between public sector and private sector functions

M van Staden and K Barac

The standing of internal auditing in South African national government departments **32**

P Coetzee

Stakeholders' view on the contribution of public sector internal auditing to enterprise risk management **48**

K N Motubatse

Perceived role of internal auditing in fraud prevention and detection in South African public sector national departments **60**

K Plant

Internal audit outsourcing practices in the South African public sector **73**

B Steyn

Heading up internal auditing in the public sector **88**
Profiling the chief audit executives (CAEs) of South African national government departments

H Fourie and L J Erasmus

Staffing of public sector internal audit functions at national departments in South Africa **103**

AFRICAN JOURNAL OF PUBLIC AFFAIRS (AJPA)

published on behalf of

THE AFRICAN CONSORTIUM OF PUBLIC ADMINISTRATION (ACPA)

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ISSN 1997-7441

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The *African Journal of Public Affairs* publishes articles covering topics concerning public affairs. Issues include public administration and management, governmental matters, phenomena in the public domain such as corruption, performance appraisal, monitoring and evaluation, governance, leadership and new developments in disciplines relating to the public sector. Volume 7, Number 3 is devoted to matters concerning the auditing profession.

C Thornhill
Editor

Editorial

BACKGROUND

South Africa is considered a developing country, but internal auditing has developed a robust presence in both the private and public sectors in this country. This fact is evident from increased recognition of the value of internal auditing, as well as from the expansion of the role of internal auditing, from what was essentially a compliance-oriented service to a much broader, management-oriented service – internal auditing has become a true governance partner. However, thus far, only limited research on the practice of internal auditing in South Africa has been done. The dearth of research is partly due to the fact that, as an academic discipline, internal auditing in the public sector is still in its infancy in South Africa, and is therefore relatively unexplored.

The introduction in 2000 of the *Public Finance Management Act (PMFA)*, Act 1 of 1999, with its focus on good governance and accountability, has made internal auditing a formal part of the financial management process in the South African public sector. Several questions have been raised about the role that internal auditing plays in the South African public sector by the number of qualified audit opinions delivered by the Auditor-General of South Africa and complaints about poor service delivery. These problems suggest that the internal auditing function (IAF) in the South African public service is possibly failing to meet the expectations of stakeholders fully. As a result of this expectation gap, the authors of the articles in this volume, after consultation with the Institute of Internal Auditors South Africa (IIA SA) and the South African National Treasury, undertook a study, aspects of which the articles in this special edition discuss.

The aim of the study was to determine the views of the accounting officers (AOs), the chairpersons of the audit committees (CACs) and the chief audit executives (CAEs) from the participating national government departments on aspects relating to the status of and demand for internal auditing in South Africa's national government departments. This aim was pursued by gathering and analysing data on

- the status and structure of the IAFs in national government departments, and the reliance on the work of the IAFs;
- value added by the IAFs of national government departments;
- the IAFs' role with regard to promoting corporate governance and combatting fraud;
- the IAFs' role in respect of risk assessment and risk management; and
- the competence and staffing of IAFs.

RESEARCH METHODOLOGY

The study used a quantitative research design. Surveys were conducted by the iKUTU research team (Coetzee, Barac, Erasmus, Fourie, Motubatse, Plant, Steyn and Van Staden) in the form of three structured questionnaires (directed at AOs, CAEs and CACs respectively) as the main data collection tools. The questionnaires were developed by the authors on the basis of an extensive literature review. Discussions were held with key stakeholders,

including the IIA SA and the National Treasury, and pilot testing was done prior to the main survey. The survey was then completed by participants using a combination of personal interviews and individually completed questionnaires, distributed and collected by means of e-mails or faxes.

The intention was to gather responses from all South Africa's national government departments. However, some national government departments did not agree to participate in the study or were excluded for other reasons (as discussed in the individual articles). Stakeholders from more than 30 national government departments participated. In total, 32 CAEs, 30 CACs and 31 AOs or their representatives or equivalents in national government departments responded in the survey, which was conducted in 2012. The responses of the CACs, AOs and CAEs were collated, but the data were analysed separately to compile a profile of the current status or standing of, and demand for, internal auditing at national government departments. In addition, a comparative analysis was done of the combined results to gain a clearer understanding of the standing of internal auditing in the country's national government departments.

ARTICLES

This edition features eight articles which contribute towards the objective of determining the status of, and demand for, internal auditing in South Africa's national government departments. The research methodology described above applies for all eight articles.

In the first article, Erasmus and Fourie discuss a quantitative analysis of perceptions on the contributions that IAFs in South Africa's national government departments make towards achieving policy objectives. They conclude that more is expected of IAFs. Building on the contribution made by IAFs in government departments, in the second article, Barac and Van Staden consider internal auditing as a corporate governance mechanism. They compare public sector and private sector functions. They argue that although IAFs in South Africa's national government are perceived to be valid corporate governance mechanisms, these mechanisms are not yet as well established as they are in the private sector, and that some elements are lacking. In the third article, Van Staden and Barac provide an explanation for this perception: IAFs in South Africa's national government departments lack the standing of such mechanisms that is envisaged in *King III*.

The fourth and fifth articles of this edition turn to the activities performed by IAFs in the South African national government. Two areas are considered. In the fourth article, Coetzee investigates stakeholders' views on the contribution of government departments' IAFs to enterprise risk management (ERM) in the context of existing ERM structures, and the level of coordination between ERM and the IAF. Motubatse, in the fifth article, focuses on fraud prevention and detection, and the role of IAFs in South Africa's national government, and suggests valuable avenues for further research.

The remaining three articles of this edition consider internal auditing resources. In the sixth article, Plant reports that in-house IAFs are preferred to outsourcing, because of in-house IAFs' perceived greater commitment to governance. However, outsourcing is often a reality because of a lack of technical expertise and the shortage of competent internal auditors. In the seventh article, Steyn examines the profiles of CAEs in the IAFs in national government. She found that their levels of experience are in line with the profiles developed on the basis of the literature, but that their academic and professional qualifications still lag behind. In the final article, Fourie



and Erasmus report on staffing needs in internal auditing, and suggest that deficiencies in staffing complements may be attributed largely to a lack of human resources planning.

The authors who contributed to this special edition are all members of the iKUTU research team.

Funding for the study was obtained from the National Treasury.

Prof Herman de Jager

Guest Editor

