

Cllr Sauli MMC corporate services, mayors and deputy mayors, municipal managers and all present.

Fellow board members

ALL PROTOCOL OBSERVED

Ladies and gentlemen

This is indeed one of the prestigious events of CIGFARO and this year is no exception to what is on offer to you as delegate not only is this the 10 anniversary of this event but **the Theme** for this conference “*Repositioning of I.A & Risk officials in the New Dawn*” is most appropriate in highlighting where we are currently in the sector, the role with regard to Internal Audit and Risk needs to be looked at closer.

As internal Audit practitioners and Risk Managers the task for oversight and identification of risks has become more and more essential. I say this as result of the Audit outcomes by the AG for the 2018 financial year ending. The AG highlighted a regression in the overall results in the Public sector and Senior and executive management should ask the question “What is the adequacy of my Internal Audit and my Risk managers, were we aware of this through our internal reporting, and was the risks appropriately identified to highlight these outcomes in advance?”

The role of IA is there to assist management to identify areas of weak internal controls, possible areas of fraud and whether the overall operations of the organisation is in compliance with legislation. Further to this internal audit is there to provide independent assurance that an organisation's risk management, governance and **internal** control processes are operating effectively.

The role of the Risk Manager is to provide a methodology to identify and analyze the financial impact of loss to the organization, employees, the public, and the environment. It has also the duty to identify the risks that will have a negative impact on the credit rating, reputation damage of the organisation.

It would be therefore justified to ask the critical question where were you in your organisation if the AG has findings of irregular expenditure, fraud, non-compliance with legislation, policies and procedures. Have you identified these risks, was it detected during your audit processes and did you report this adequately to the Internal Audit and Risk committee/s.

If no action was taken on your reporting what steps did you follow to make this known to the Auditor General, SAPS and other agencies if so required, which could also include the Public Protector.

The other side of the coin is Did you look away from what was discovered in fear of losing your Job and maybe more seriously your life?

The astonishing revelations of the Bosasa testimony, piled on top of the still-unravelling saga of the Gupta State Capture, and a still-growing list of other embarrassing, costly financial shenanigans in SA – as well as all the examples elsewhere in the world – highlights the slippery slope of corruption and how it undermines a nation as well as what it can do to the participants in such malfeasance and criminality.

In a Daily Maverick analysis, J Brooks Spector questions whether corruption is inevitable and unstoppable, or whether the problem is simply one of failing to enforce the rules and fearlessly prosecuting violators? 'With Bosasa, for example, the cash masters seemed to have figured out that the real trick to gaining continuing access to the cash cows of all those government contracts was not offering one whopping big, off-books payment. Rather, it was in making regular payments, habituating the recipients to the extra cash, thereby allowing the recipients to expect these cosy but illegal relationships would continue to the mutual benefit of the two parties, but to the detriment of the public footing the bill. Or, as William Magear 'Boss' Tweed, the 19th century head of New York City's machine politics is reputed to have said: "Once I buy someone, they're supposed to stay bought!" Perhaps the way forward, besides continuous, rigorous enforcement of anti-corruption laws, is to hope for some modest changes in the human heart. Carrying out this behavioural change need not follow the Chinese example of highly publicised executions of senior-level, corrupt officialdom, but by moving to a space where corrupt behaviour – by recipient and paymaster – is punished for illegality, and is then rewarded with public discredit for such behaviour. That must be the goal, whether it is in China, the US, or SA – or anywhere else, and it will almost always pit the rich and well-connected against the rest of us.

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