Internal Audit Capability and Recurring Audit Findings in South African Government Departments

Enathi Qanga

Department of Auditing, Faculty of Economic and Financial Sciences, iYunivesithi Walter Sisulu, Republic of South Africa

Awonke Geqeza*

Department of Auditing, Faculty of Economic and Financial Sciences, iYunivesithi Walter Sisulu, Republic of South Africa

***Corresponding author's email:** ageqeza@wsu.ac.za

Abstract

Recurring audit findings remain one of the greatest governance challenges confronting South African government departments. Despite legislative requirements mandating the establishment of internal audit functions, many public institutions continue to receive qualified, adverse and disclaimer audit opinions year after year. The study is grounded in Internal audit capability model (IA-CM), agency theory and institutional theory. This study adopted a qualitative documentary research design and exclusive use of secondary data obtained from the Auditor-General South Africa's (AGSA) General Reports for the past 5 years (2021 to 2025) on National and Provincial Government. The results revealed persistent weaknesses in internal controls; ineffective implementation of audit recommendations; accountability failures; inadequate internal audit capability; and weak oversight. The originality of this study lies in its longitudinal documentary analysis of five consecutive AGSA reports and contributes to the literature by extending the application of IA-CM to explain recurring audit findings in the public sector.

Keywords: Internal Audit Capability, Audit Findings, Governance, Public Sector

INTRODUCTION

Good governance is founded upon accountability, transparency, effective risk management, and strong internal controls (Erasmus & Matsimela, 2021). Internal auditing plays a central role in supporting these governance principles by providing independent assurance regarding the adequacy of organisational controls and risk management systems (Moodley et al., 2021). South Africa has established one of the strongest legislative frameworks for public financial management through the Public Finance Management Act (PFMA), Municipal Finance Management Act (MFMA), Treasury Regulations, and internal auditing standards. These frameworks require every government department to maintain an independent internal audit function supported by an audit committee (Adebayo & Ackers, 2024).

Despite these governance mechanisms, the Auditor-General South Africa (AGSA) continues to report widespread recurring findings relating to non-compliance with legislation, irregular expenditure, poor financial reporting, weak internal controls, supply chain management deficiencies, and inadequate consequence management (Klein et al., 2024). Many departments have received qualified audit opinions over consecutive years, suggesting that previous audit recommendations are not effectively implemented (Erasmus & Coetzee, 2024). This persistent problem indicates that the existence of an internal audit unit alone does not guarantee improved governance outcomes (Moodley et al., 2021). Therefore, this study examines how internal audit capability influences recurring audit findings in South African government departments through a qualitative documentary analysis of AGSA General Reports covering the 2020/21 to 2024/25 financial years.

Research has extensively examined internal audit effectiveness, yet limited studies have specifically investigated how internal audit capability influences recurring audit findings within government departments. The Internal Audit Capability Model (IA-CM) provides an appropriate framework for addressing this gap because it measures the maturity and capability of internal audit functions across multiple organisational dimensions. The IA-CM has been shown to be applicable in the South African public sector, although implementation challenges remain.

THEORETICAL REVIEW

Internal Audit Capability

Internal audit capability refers to the ability of an internal audit function to perform its responsibilities effectively and consistently while adding value to organisational governance. The Institute of Internal Auditors developed the Internal Audit Capability Model (IA-CM) to assess public sector internal audit maturity. The model evaluates capability across six dimensions, including services and role, people management, professional practices, performance management, organisational relationships, and governance structures.

The IA-CM serves as a comprehensive international guide to assist any public organization in identifying the foundations needed for an effective internal audit function (Yudiyanto & Ningsih, 2023). This framework enables internal audit to comprehend its conditions and capabilities better and enhance its growth in terms of both individual internal audit professionals and internal audit organizations (Yudiyanto & Ningsih, 2023). The IA-CM concept includes five levels of capability: initial, infrastructure, integrated, managed, and optimizing (Deliana, 2023). These levels demonstrate steps to progress from less robust levels of internal control toward conditions of robust, effective, general internal control capabilities, associated with more mature and complex organizations (Deliana, 2023).

Characteristics of High and Low-Capability Internal Audit Functions

South African studies have found the IA-CM largely applicable in the public sector while identifying implementation barriers that affect higher capability levels. High-capability internal audit functions typically exhibit highly qualified auditors, adequate staffing, risk-based audit planning, strong independence, quality assurance programmes, effective follow-up mechanisms, and strong relationships with audit committees. These characteristics enable internal audit functions to perform their assurance and consulting activities effectively (Rehman, 2021).

Conversely, low-capability functions often struggle to influence governance due to limited skills, insufficient resources, and weak organisational support. The lack of independence leads to a lack of quality, which affects the capability level (Sulistiani et al., 2023). In the internal audit unit, a lack of independence results in reduced audit quality and effectiveness (Sulistiani et al., 2023). Research conducted in Kenya shows that there is a relationship between independence and internal audit effectiveness in supporting good university governance (Sulistiani et al., 2023).

Maturity Levels and Organizational Development

The maturity of the government internal control system (SPIP) becomes a significant concern for government financial management supervision (Sutaryo et al., 2022). The term maturity means optimally developed (Sutaryo et al., 2022). The maturity level of SPIP implementation is the maturity level of SPIP in achieving internal control objectives in accordance with Government Regulation Number 60 of 2008 (Sutaryo et al., 2022). This maturity level can be used as a basis for improvement in SPIP implementation (Sutaryo et al., 2022).

The Internal Audit Capability Assessment Results, administered by the Financial and Development Supervisory Agency, are utilized to evaluate an organization's internal audit capabilities (Yudiyanto & Ningsih, 2023). The assessment of internal audit capabilities is essential for organizations to understand their current state and identify areas for improvement (Yudiyanto & Ningsih, 2023). Organizations that implement risk management will have implications for higher accountability scores, demonstrating that internal audit capability directly influences organizational performance (Yudiyanto & Ningsih, 2023).

Recurring Audit Findings

Recurring audit findings occur when deficiencies identified during one audit remain unresolved and continue to appear in subsequent audit reports. Typical recurring findings include ineffective internal controls, non-compliance with procurement legislation, inadequate record management, unauthorised expenditure, irregular expenditure, weak asset management, poor contract management, and ineffective consequence management. Persistent recurrence reflects systemic governance weaknesses rather than isolated control failures.

The size of the local government positively affects internal control weaknesses, and the degree to which audit recommendations were completed in the preceding period negatively affects internal control weaknesses and non-compliance with legal provisions (Istianah et al., 2024). This finding underscores that the implementation of previous audit recommendations is critical to preventing recurring findings (Istianah et al., 2024). Research on audit findings revealed that audit results have a positive influence on the government's financial reporting quality (Istianah et al., 2024).

Factors Contributing to Recurring Findings

Several factors contribute to the persistence of recurring audit findings in government departments. The lack of implementation of audit recommendations is a primary driver of recurring findings. When management fails to implement audit recommendations promptly, internal auditing becomes compliance-oriented rather than value-adding. Where recommendations are ignored, the effectiveness of the internal audit function is significantly diminished.

The characteristics of internal auditors can have both positive and negative influences on audit outcomes (Istianah et al., 2024). Auditors with sound capabilities, emotional maturity, and adequate expertise can expedite budget preparation and improve compliance (Istianah et al., 2024). However, the characteristics of internal auditors can also have a negative influence, potentially leading to local governments' non-compliance in implementing accrual-based accounting standards (Istianah et al., 2024). This finding underscores the potential risks that need to be addressed through enhanced capability development (Istianah et al., 2024).

The implementation of risk management in local governments has implications for higher accountability scores (Yudiyanto & Ningsih, 2023). This implies that risk management can deliver reasonable guarantees to achieving local government goals, especially regarding financial accountability (Yudiyanto & Ningsih, 2023). The findings of this research possess the potential to be extended to all local governing bodies to enhance the attainment of local government accountability goals (Yudiyanto & Ningsih, 2023).

Impact on Governance and Organizational Performance

Persistent recurring findings have significant implications for organizational governance and performance. The quality of financial reports is supported by a good internal control system (Sulistiani et al., 2023). Supervision carried out by internal audit, contained in the results of audits or reviews in which there are recommendations for improvements in government institution governance, has a positive impact on continuous improvement (Sulistiani et al., 2023). This can further improve good governance (Sulistiani et al., 2023).

Internal audit has been studied at all levels of government, with the most emphasis on local government (Sulistiani et al., 2023). The findings indicate that even while academic publications are on the rise, more thorough and diverse research is still required (Istianah et al., 2024). The study indicates that research on public sector auditing is still in its infancy, with chances to investigate fraud, audit quality, audit findings and opinions, transparency, accountability, and emerging themes (Istianah et al., 2024).

Audit Committee Effectiveness

Audit committees strengthen governance by reviewing audit plans, monitoring implementation, evaluating internal controls, and holding management accountable (Lopes, Kusumawati & Bandang, 2025**)**. Weak audit committees often contribute to recurring deficiencies. The effective function of the role of the audit committee in risk management should enhance the internal controls of the institution not only to assist with sound financial management but also to assist the institution in achieving its public mandate (Whittle & Nel-Sanders, 2022).

The audit committee's core role regarding enterprise risk management is to provide objective assurance to the municipal council and management on the effectiveness of risk management practice (Whittle & Nel-Sanders, 2022). The internal audit function is responsible for assuring the accounting officer and the audit committee on the adequacy and effectiveness of risk management (Whittle & Nel-Sanders, 2022). In line with principle 15 of King IV, the effective function of the role of the audit committee in risk management should enhance the internal controls of the institution (Whittle & Nel-Sanders, 2022).

Agency Theory

Agency Theory explains conflicts between public officials (agents) and citizens (principals). Internal auditing reduces information asymmetry by providing independent assurance regarding public resource management. Weak internal audit capability increases agency costs and governance failures. The agency theory contributes to achieving the goals of institutions because it provides a clear explanation of the characteristics of internal audit that increase the accountability and transparency of the company.

Agency theory has been applied in research on public sector auditing in Indonesia (Istianah et al., 2024). Three of the five articles explicitly mentioned the theory they use, all of which are grounded in agency theory (Istianah et al., 2024). The application of agency theory provides a theoretical foundation for understanding how internal audit functions can reduce agency costs and improve governance outcomes (Istianah et al., 2024).

Institutional Theory

Institutional Theory suggests organisations often establish internal audit units primarily to comply with legislation rather than improve governance. Consequently, departments may possess internal audit functions that exist formally but operate with limited capability. Institutional theory suggests that governance management focuses on creating sustainable corporate governance and satisfied shareholders (Rehman, 2021).

Using institutional theory, governance management focuses on creating sustainable corporate governance and satisfied shareholders (Rehman, 2021). Without sustainable corporate governance, internal audit function will not be able to meet the requirements (Rehman, 2021). The institutional context influences how organizations implement internal audit functions and the extent to which these functions contribute to improved governance outcomes (Rehman, 2021).

Internal Audit Capability Model as Theoretical Framework

The IA-CM serves as the primary theoretical framework for assessing internal audit maturity. It classifies internal audit capability into five maturity levels: Initial, Infrastructure, Integrated, Managed, and Optimizing. Higher maturity corresponds with stronger governance and improved audit performance.

The IA-CM used in studies could guide the organization to improve its capabilities (Sulistiani et al., 2023). The Internal Audit Capability Assessment Results, administered by the Financial and Development Supervisory Agency in 2020, were utilized to evaluate an organization's internal audit capabilities (Yudiyanto & Ningsih, 2023). The IACM level is used to measure capability, while maturity is represented by the maturity score (Sutaryo et al., 2022).

The Relationship Between Internal Audit Capability and Recurring Audit Findings

Higher internal audit function capability is expected to support local government in preparing a financial statement following accrual-based accounting standards (Sutaryo et al., 2022). Internal audit function capability has a significant positive effect on government accrual-based accounting standards compliance (Sutaryo et al., 2022). The higher the capability, the higher the capability of the internal audit function in delivering its functions (Sutaryo et al., 2022).

The internal audit function will be more competent in providing assurance on governance, risk management, and internal control when capability is enhanced (Sutaryo et al., 2022). The ability of the internal audit function to perform supervision on financial management is illustrated by internal audit capability (Sutaryo et al., 2022). The higher the capability, the higher the capability of the internal audit function in delivering its functions and resolving identified deficiencies (Sutaryo et al., 2022).

RESEARCH METHOD

Research Design

This study adopted a qualitative documentary research design to examine the relationship between internal audit capability and recurring audit findings in South African government departments. Documentary analysis is particularly appropriate for governance and public administration research because it enables researchers to systematically analyse official documents that provide reliable evidence of organisational practices, governance deficiencies and institutional performance (Moji et al., 2022; Mosimege & Masiya, 2021). The Auditor-General South Africa (AGSA) General Reports are regarded as authoritative public accountability documents as they synthesise audit outcomes across government departments and identify recurring governance and internal control weaknesses (Moji et al., 2022; Sibanda & Rooyen, 2023; Erasmus & Coetzee, 2024).

Unlike surveys or interviews, documentary analysis allows researchers to investigate governance trends over multiple years without influencing the behaviour of participants (Mosimege & Masiya, 2021). It is therefore suitable for examining persistent audit findings and evaluating whether internal audit functions have contributed to improvements in governance (Moji et al., 2022; Erasmus & Matsimela, 2021). This methodological approach aligns with established practices in South African public sector research, where AGSA reports have been extensively utilised as primary documentary sources for understanding systemic governance challenges (Adebayo & Ackers, 2024; Mabunda et al., 2023; Ndlela et al., 2023).

Data Source

The study relied exclusively on secondary data obtained from the Auditor-General South Africa's General Reports on National and Provincial Government (PFMA reports). Five consecutive annual reports covering the most recent five financial years, namely 2021 to 2025 were analysed. These reports provide comprehensive information on audit opinions; recurring audit findings; internal control deficiencies; governance weaknesses; compliance with legislation; financial management; consequence management; leadership effectiveness; and root causes of poor audit outcomes (Moji et al., 2022; Sibanda & Rooyen, 2023; Erasmus & Coetzee, 2024).

The AGSA General Reports were selected because they provide consolidated audit evidence from hundreds of government departments and public entities, thereby offering a national perspective on governance performance (Moji et al., 2022; Nzama et al., 2023). The reports also consistently identify the root causes of recurring audit findings and evaluate the effectiveness of internal control systems and oversight mechanisms (Moji et al., 2022; Sibanda & Rooyen, 2023; Klein et al., 2024). The AGSA, as the supreme audit institution of South Africa, possesses the constitutional mandate to audit all national and provincial government departments and to report on their accounts, financial statements and financial management (Myeza et al., 2021; Khasodi et al., 2023). This institutional authority ensures the reliability and credibility of the data sources selected for this study.

Document Selection Criteria

Purposive sampling was used to select documents relevant to the research objectives. The inclusion criteria were official AGSA General Reports; reports covering national and provincial government departments; reports published during the most recent five-year period; reports containing discussions on recurring audit findings; reports addressing governance, internal control and internal auditing; and reports identifying root causes of qualified audit opinions (Moji et al., 2022; Sibanda & Rooyen, 2023).

Reports relating exclusively to municipalities or special investigations were excluded because the study focused specifically on government departments governed by the Public Finance Management Act (PFMA) (Moji et al., 2022; Masoud et al., 2024). This exclusion criterion is important because municipal governance operates under different legislative frameworks, specifically the Municipal Finance Management Act (MFMA), and therefore presents distinct governance challenges and audit outcomes compared to national and provincial government departments (Nelufule et al., 2023).

Data Collection

The AGSA General Reports for the period 2021 to 2025 were downloaded from the AGSA official website. Each report was read several times to obtain familiarity with its content before detailed coding commenced (Mosimege & Masiya, 2021). This iterative reading process is consistent with established qualitative research practices and ensures comprehensive understanding of complex documentary sources (Mosimege & Masiya, 2021; Asogan, 2023).

Relevant sections included: executive summaries; audit outcomes; recurring findings; internal control assessments; governance observations; leadership accountability; consequence management; financial management; and recommendations for improvement (Sibanda & Rooyen, 2023). Particular attention was given to references concerning internal audit effectiveness; audit committees; implementation of audit recommendations; risk management; compliance failures; and repeated audit findings (Erasmus & Coetzee, 2024; Klein et al., 2024). The AGSA reports specifically address these governance dimensions, as they evaluate the quality of internal audit functions and their contribution to addressing control weaknesses and governance deficiencies (Erasmus & Coetzee, 2024; Field & Rodda, 2023).

Data Analysis

The study employed qualitative thematic content analysis. Thematic analysis followed six stages adapted from Braun and Clarke (2006): Familiarisation with the reports through repeated reading; initial coding of governance-related information; grouping similar codes into broader themes; reviewing and refining themes; naming and defining the themes; and interpretation of findings in relation to internal audit capability (Nabane et al., 2024). ATLAS.ti was used for coding and as a data analysis tool and inter-coder reliability was assessed by authors coding a subset of data independently using a shared codebook.

Thematic analysis is a recognised method for identifying, analysing and reporting patterns within data and provides flexibility in analysing data, structure for organisation of themes, and helps in interpreting the research topic (Mosimege & Masiya, 2021; Nabane et al., 2024). This analytical approach has been successfully applied in previous South African public sector governance research, particularly in studies examining audit outcomes, internal control effectiveness, and governance challenges (Zitha & Mathebula, 2023; Jam et al., 2024). The thematic analysis method enables researchers to explore the understanding of governance issues and the significance of internal audit functions in addressing recurring audit findings (Mosimege & Masiya, 2021; Nabane et al., 2024).

The documentary analysis approach, combined with thematic content analysis, is particularly suited to examining governance trends and institutional performance over multiple years, as it allows for systematic examination of how AGSA reports document persistent governance challenges and the effectiveness of internal audit functions in addressing these challenges (Moji et al., 2022; Sibanda & Rooyen, 2023; Erasmus & Coetzee, 2024; Latchu, 2022).

RESULTS AND DISCUSSION

Overview of the Documentary Analysis

The documentary analysis examined five (2021-2025) consecutive AGSA General Reports on National and Provincial Government to identify recurring audit findings and evaluate how internal audit capability influences governance outcomes. The reports were analysed using thematic content analysis, guided by the Internal Audit Capability Model (IA-CM). Five dominant themes emerged from the analysis: (1) persistent weaknesses in internal controls; (2) ineffective implementation of audit recommendations; (3) leadership and accountability failures; (4) inadequate internal audit capability; and (5) weak oversight by governance structures. These themes consistently appeared across the five-year reporting period, suggesting that recurring audit findings are systemic rather than isolated governance failures.

Theme 1: Persistent Weaknesses in Internal Controls

The analysis revealed that ineffective internal controls remain the most consistent factor contributing to recurring audit findings across government departments. Throughout the five-year period 2021 throughout 2025 the AGSA repeatedly identified deficiencies in financial reporting, procurement and contract management, asset management, revenue management, and record keeping. These weaknesses resulted in recurring qualified audit opinions, material misstatements, irregular expenditure, and non-compliance with the PFMA.

Although many departments implemented corrective measures following annual audits, similar deficiencies continued to reappear in subsequent reporting periods 2021 to 2025. This persistence suggests that internal control improvements were largely reactive rather than embedded within organisational governance systems. The recurrence of similar findings also indicates that internal audit functions were not consistently effective in identifying control deficiencies early enough to prevent repeat audit findings.

From an Internal Audit Capability Model perspective, these findings suggest limitations in professional practices, quality assurance processes, and risk-based auditing, which prevented internal audit functions from providing sustainable assurance over key governance processes.

Theme 2: Ineffective Implementation of Internal Audit and External Audit Recommendations

A second dominant theme concerned the limited implementation of audit recommendations. AGSA 2020/21 to 2024/25 identified that government departments repeatedly failed to implement recommendations issued by both internal auditors and the Auditor-General. Recommendations relating to supply chain management, financial reporting, performance information, consequence management, and compliance monitoring frequently remained unresolved over successive audit cycles.

The analysis of AGSA 2024/25 report concluded that the existence of internal audit units alone does not guarantee improvements in governance. Instead, effective governance depends on management's willingness and ability to implement audit recommendations promptly. In several departments, corrective action plans were developed but not fully implemented, resulting in recurring audit findings in subsequent financial years.

The persistence of unresolved recommendations demonstrates weaknesses in follow-up mechanisms and monitoring processes. Within the IA-CM framework, this reflects deficiencies in performance management and organisational relationships, particularly the limited authority of internal audit functions to ensure implementation of corrective actions.

Theme 3: Leadership Instability and Weak Accountability

Leadership instability emerged as another significant contributor to recurring audit findings. The AGSA 2022/23 through 2024/25 reports consistently associated poor audit outcomes with prolonged vacancies in key management positions, frequent turnover of accounting officers and chief financial officers, and inadequate oversight by senior management.

Departments experiencing leadership instability often demonstrated weak governance cultures characterised by poor financial discipline, delayed decision-making, ineffective monitoring of internal controls, and limited accountability for recurring deficiencies. The reports further highlighted that management frequently failed to enforce consequence management against officials responsible for financial misconduct or repeated non-compliance.

The documentary evidence suggests that leadership commitment is fundamental to strengthening internal audit capability. Even well-resourced internal audit functions are unlikely to improve governance outcomes where executive leadership does not prioritise accountability and the implementation of audit recommendations.

Theme 4: Inadequate Internal Audit Capability

The analysis revealed several indicators of limited internal audit capability across government departments. These included insufficient professional capacity, inadequate staffing levels, limited use of data analytics, ineffective risk-based auditing, and inconsistent quality assurance processes. In some instances, internal audit functions focused primarily on compliance-based audits rather than providing strategic assurance over governance, risk management, and internal control systems.

Furthermore, the reports indicated that internal audit recommendations were not always aligned with organisational risks or adequately monitored to ensure implementation. These deficiencies suggest that many internal audit functions remain at lower levels of organisational maturity as described by the Internal Audit Capability Model.

The findings indicate that internal audit capability extends beyond the existence of internal audit units. Capability is determined by the availability of competent personnel, organisational independence, sufficient financial resources, continuous professional development, effective audit methodologies, and strong institutional support. Departments lacking these capabilities were more likely to experience recurring audit findings over consecutive financial years.

Theme 5: Weak Oversight by Audit Committees and Governance Structures

The documentary analysis also identified weaknesses in governance oversight structures. Although audit committees were established in accordance with legislative requirements, their effectiveness varied considerably across departments. In several cases, audit committees were unable to ensure that management implemented corrective actions or addressed long-standing governance deficiencies.

The 2021/22 AGSA reports throughout 2024/25 repeatedly highlighted limited monitoring of action plans, inadequate oversight of risk management processes, and insufficient evaluation of internal control effectiveness. Consequently, governance structures frequently failed to prevent recurring audit findings despite receiving regular reports from internal auditors.

These findings suggest that effective oversight requires stronger collaboration among internal auditors, audit committees, executive management, and accounting officers. Where governance structures functioned effectively, departments demonstrated improved audit outcomes and fewer repeat findings.

Summary of Emerging Themes

Table 1

Document analysis findings (AGSA report 2020/21-2024/25)

Theme	Evidence from AGSA Reports	Implications for Internal Audit Capability
Persistent internal control weaknesses	Repeated deficiencies financial reporting, procurement, asset management and compliance	Indicates weaknesses in risk-based auditing and internal control evaluation
Failure to implement audit recommendations	Corrective actions repeatedly delayed or incomplete	Demonstrates ineffective follow-up and monitoring mechanisms
Leadership instability	Vacancies, weak accountability and poor consequence management	Limits organisational support for internal auditing
Inadequate internal audit capability	Limited professional capacity, resources and audit quality	Reflects lower levels of IA-CM maturity
Weak governance oversight	Audit committees unable to enforce implementation of recommendations	Reduces accountability and organisational learning

Integrated Interpretation of the Findings

The documentary analysis demonstrates that recurring audit findings are not solely the result of technical deficiencies in financial management but reflect broader organisational weaknesses in governance and internal audit capability. Across the five-year period, government departments consistently exhibited recurring patterns of ineffective internal controls, poor implementation of audit recommendations, leadership weaknesses, inadequate internal audit capacity, and ineffective oversight structures.

Collectively, these findings support the proposition that internal audit capability is a critical determinant of governance effectiveness. Departments with limited internal audit capability are less able to identify emerging risks, provide quality assurance, monitor corrective actions, and support management in strengthening internal controls. Consequently, similar audit findings continue to recur over successive audit cycles, resulting in persistent qualified audit opinions and weakened public accountability.

From an Agency Theory perspective, ineffective internal audit functions reduce oversight and accountability, allowing management to delay corrective actions and perpetuate non-compliance, thereby increasing agency costs. Institutional Theory explains that while government departments have established internal audit units to comply with legislative requirements, these structures often lack the capability, independence, and organisational support necessary to improve governance, resulting in a disconnect between formal compliance and actual performance. The findings also support the IA-CM by demonstrating that deficiencies in professional competence, leadership support, audit quality, and oversight contribute to recurring audit findings. Consistent with prior studies, the results highlight that strengthening internal audit capability, management commitment, and audit committee effectiveness is essential for improving governance, reducing recurring audit findings, and enhancing accountability in the South African public sector

Practical Implications

The findings of this study have significant practical implications for government departments seeking to improve governance, strengthen accountability, and reduce recurring audit findings. The documentary analysis revealed that recurring audit findings are primarily associated with weak internal controls, inadequate implementation of audit recommendations, leadership instability, insufficient internal audit capability, and ineffective oversight by governance structures. These findings suggest that improving audit outcomes requires strengthening the capability of internal audit functions rather than merely ensuring their existence. The study recommends that government departments should:

- adopt the Internal Audit Capability Model as a formal performance assessment and continuous improvement framework.
- establish minimum competency requirements for Chief Audit Executives. Leadership within internal audit functions is fundamental to improving audit quality and organisational credibility.
- encourage CIA certification among public sector internal auditors. Professional certification enhances technical competence, ethical standards, professional scepticism, and adherence to international auditing standards.
- The AGSA reports consistently identify weaknesses in detecting emerging governance risks, suggesting that many internal audit functions have not fully embraced technology-enabled auditing. Government departments should invest in audit analytics software, continuous auditing technologies, artificial intelligence applications, and digital risk assessment tools to improve audit efficiency and provide more timely assurance.
- The findings also underscore the need to strengthen the oversight role of Audit Committees. Audit Committees should move beyond reviewing audit reports to actively monitoring the implementation of audit recommendations. This may include requiring quarterly progress reports from management, tracking unresolved findings through formal action plans, and escalating persistent governance failures to executive authorities where necessary. Stronger oversight will improve accountability and reduce the recurrence of audit findings across successive audit cycles.

Policy Implications

The findings also have important policy implications for the National Treasury, the AGSA, the Institute of Internal Auditors South Africa (IIASA), and other public sector oversight institutions responsible for strengthening governance across government departments. The persistence of recurring audit findings over the five-year period indicates that current governance interventions have not adequately addressed systemic weaknesses in internal audit capability.

While compliance with the Public Finance Management Act requires departments to establish internal audit functions, there is currently limited emphasis on assessing their organisational maturity and effectiveness. Mandatory IA-CM assessments would provide a nationally consistent mechanism for evaluating capability, identifying areas requiring improvement, and supporting evidence-based policy decisions aimed at strengthening public sector internal auditing.

The study further recommends introducing national benchmarking of internal audit capability. Benchmarking would enable departments to compare their capability maturity against peer institutions and identify examples of good practice that could be replicated across government.

The findings also suggest that internal audit capability should become an explicit component of departmental performance assessments conducted by oversight institutions. Rather than evaluating departments solely on audit outcomes, performance assessments should include indicators relating to internal audit maturity, implementation of audit recommendations, quality assurance reviews, and governance effectiveness.

the study highlights the need to strengthen consequence management for unresolved recurring audit findings. National Treasury, together with the AGSA and executive authorities, should establish clearer accountability frameworks requiring departments to implement corrective actions within defined timeframes.

CONCLUSIONS AND SUGGESTIONS

Conclusions

This study examined the relationship between internal audit capability and recurring audit findings in South African government departments through a qualitative documentary analysis of five years of AGSA General Reports. Guided by the Internal Audit Capability Model (IA-CM), Agency Theory, and Institutional Theory, the study found that recurring audit findings are primarily driven by persistent weaknesses in internal controls, ineffective implementation of audit recommendations, leadership instability, inadequate internal audit capability, and weak governance oversight.

The findings demonstrate that the existence of internal audit units alone is insufficient to improve governance or audit outcomes. Rather, effective internal auditing depends on capable and independent audit functions supported by competent personnel, adequate resources, strong leadership, and effective audit committees. Where these capability dimensions are weak, government departments are more likely to experience recurring audit findings and continued qualified audit opinions.

The study contributes to the literature by providing empirical evidence from five years of AGSA reports and highlighting internal audit capability as a critical determinant of governance effectiveness. It recommends strengthening internal audit capacity through professional development, enhanced organisational independence, improved oversight, and rigorous implementation of audit recommendations.

Limitations and Suggestions

This study was only limited to secondary data analysis and evaluation of national and provincial government department. Future research should incorporate interviews and quantitative analyses to further validate the relationship between internal audit capability and audit outcomes. Strengthening internal audit capability is essential for improving accountability, reducing recurring audit findings, and enhancing public sector governance in South Africa.

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