

**WRITTEN RESPONSES TO THE QUESTIONS THAT WERE RAISED BY THE  
PORTFOLIO COMMITTEE DURING THE BRIEFING BY THE DEPARTMENT  
ON 21 MAY 2020**

**1. Building of the Pan African Parliament: An update on the sod-turning event proposed for October 2020, to take place on the construction site of the Pan-African Parliament Headquarters.**

The planned sod turning for October 2020 will not be feasible due to the delayed finalisation of the land selection for the project. However, discussions between the Executive Authorities of DIRCO and DPWI are ongoing.

**2. Whether the Department is still intending to implement the Cabinet decision of 2 December 2009 to establish SADPA**

The department confirms that it is still intending to implement the Cabinet decision on the South African Partnership Development Agency (SADPA). The Bill to repeal the current African Renaissance Fund (ARF) and establish a new Development Partnership Bill is being revived. Once the internal processes have been completed, the Bill will be resubmitted to Cabinet.

**3. How is the budget of the Department affected by the Covid-19**

The budget of the Department is negatively affected due to the weakening of the exchange rate of the Rand. The projected shortfall for the next six (6) months is estimated at R 433 million. As a consequence, the Department will make a proposal for additional funding to National Treasury, through the Special Adjustment Budget for 2020.

**4. A Breakdown of the demographics of the employees of the Department: With a focus on gender and youth**

4.1 The Employment Equity Act (EEA), No 55 of 1998 EEA aims is to achieve equity in the workplace by promoting equal opportunities and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups. Section 19 (2) of the EEA indicates that the analysis must include a profile to determine the under-representation of people from the designated groups in the various occupational levels in the workforce.

4.2 The degree of under and over representation is determined by taking into account the Economically Active Population as released by the Quarterly

Labour Force Survey (QLFS) which is a household-based sample survey conducted by Statistics South Africa (Stats SA).

4.3 The workforce analysis covers the employment equity status of the department as at 31 March 2020. The work force analysis is outlined in terms of population group, gender and youth in the workforce of the Department. Data used is obtained from VULINDLELA system and departmental data base of all officials posted in various mission of the department. The equity profile of the Department is as follows:

#### 4.3.1 Gender representation at Senior Management (SMS) Level in the Department

The Gender representation of the Department at SMS level (inclusive of Top Management) reflect that females SMS are represented at 47%, against 53% of their male counterparts. African females are represented at 37.4% above the EAP of 35.1% followed by white females represented at 7.4%. Coloureds females and Indians females are represented at 2.2% and 0.74% respectively.

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	8	0	2	0	5	0	0	0	15
Senior management	89	12	13	18	94	6	2	20	255

#### 4.3.2 Disability in the Department

Persons with Disabilities are represented at 1.2% below the 2% target. If the Department has funding to fill vacancies in future, this target will enjoy consideration.

#### 4.3.3 Youth

Youth in the Department represents 26% of the total workforce ranging from 20 to 39 years of age. The majority of youth are represented at Junior Management level in the Department.

Total of Youth in %	Youth Representation in Age				Total
	20-24 (yrs)	25-29 (yrs)	30-34 (yrs)	35-39 (yrs)	
	1.56 %	27.2%	29.7%	55.6%	100%

## **5. An update on findings and the report of the Auditor General (AG)**

### **5.1 Cash with commercial bank update:**

- (a) The initial step was that the department requested the AG Special Audit Services to conduct an investigation and the latter declined after repeated enquiries. Subsequent to that, the department performed an assessment on cash and bank accounts of which the product was shared with National Treasury. Based on the discussion with National Treasury, the department implemented the following:
  - (i) Reclassification of non-cash transactions relating to 2019 and prior.
  - (ii) 2019/20 cash transactions will constitute reportable cash and bank balances on the annual financial statements. This will address the risk of overstatement of the cash and cash equivalent account.
- (b) For the old balance of R182 million, R62 million was cleared before lockdown. Work is currently underway and by the 15<sup>th</sup> of July 2020, the department would have identified the transactions and processed the necessary adjustment.
- (c) For 2019/20, the department has performed 2019/20 bank and cash for the financial year, 2019/20 transactions including the opening balance – the department has implemented the following principles in the performance of cash and bank monthly reconciliation:
  - (i) Valuation of cash and bank accounts; and conversion of foreign cash balances
  - (ii) Existence and ownership of cash and bank balances; i.e 100% confirmation of all bank accounts
- (d) The exercise revealed the following inconsistencies with regard to management of cash and bank:
  - (i) Recording of monthly operational funds received by missions not in line with modified cash standard (MCS) which led to over/under statement of cash and bank balances
  - (ii) Performance of bank reconciliations by some missions was not in line with the MCS which delayed the detecting and recording of possible theft cases. The department has developed a bank and cash management framework in line with MCS, which missions will be using as from June 2020. The department has also strengthened the monitoring of reconciliations at Head Office.
  - (iii) Cash management for missions that transact in cash on daily basis was not in line with the department's standard operating procedures which delayed the recording of losses incurred.

- (e) From the above assessment, the department has identified potential red flag in missions such as Juba, Madrid, and Bangui, of which investigations have been conducted.
- (f) The department has upgraded the missions' financial system to accommodate the cash and bank balances report to eliminate human error and improve reporting.

## **5.2 Assets Management**

- (a) An electronic asset management system (Nettrace) was activated from 6 August 2019, with built-in internal controls incorporated into the system, which replaced the excel asset register.
- (b) New asset additions and transactions are being captured onto the system and the Fixed Asset register (FAR) is being reconciled to the financial management system
- (c) Asset management staff was trained by the service provider (Nettrace). Mission staff (CSMs and 3<sup>rd</sup> Secretaries) was trained through an online platform
- (d) Physical asset verification was conducted twice. The 1st verification process was conducted in the second quarter manually and the 2<sup>nd</sup> verification was conducted during the fourth quarter were conducted via online app
- (e) At the time of the lockdown 81% of the exceptions resulting from the verification process had been cleared.
- (f) The Internal Audit Unit has conducted the Computer Assisted Audit Techniques (CAATS) on the FAR and the results thereof have been fully implemented. Follow-up CAATS was conducted on 25 May 2020.

## **5.3 Supply Chain Management:**

- (a) A new SCM policy was developed and was implemented from 1 October 2019. The policy has sufficient internal controls all relevant users have had workshops on it.
- (b) To date, training has been conducted for all bid committees.
- (c) Compliance checklist for head office and missions has been reviewed and is being implemented.

## **6. Property Management:**

### **6.1. When is the Department going to review its property management strategy to be in line with the new mandate provided in the Bill?**

The preliminary process of review of the strategy has commenced and is expected to be concluded in 3 months.

### **6.2. What is the Department doing to prepare for the implementation of the section of the Bill that speaks to property?**

The Department has developed the Terms of Reference governing the Foreign Service Bill implementation process. A FSB Implementation Team has been established and is comprised of the Director-General (DG) as Chair, all Deputy Directors-General (DDGs), the Chief of Staff of the Minister and the Chief State Law Advisor, serving as a Technical Resource person.

The purpose of the implementation team is to oversee, lead and guide the processes to ensure that the Department is ready to implement the Act within a reasonable period. This includes the new mandate on property management of the Department as provided for in the Act.

**6.3. Is DIRCO Property Management Unit appropriately configured to deal with the responsibilities of property management value chain?**

The current configuration of the Business Unit is configured to perform the current functions of contract management (all aspects of leases), property management and the management of the Head Office facilities via a PPP.

With the new mandate that will be conferred by the Foreign Service Bill, additional resources in terms of skills set and capacity will be needed.

**6.4. Can you give a breakdown of the personnel; their qualifications and skills?**

The information about qualifications, experience and skills of the staff in the **Property & Facilities Management** Business Unit is listed below:

**(a) Chief Directorate: Property & Facilities Management**

Level and Rank	Qualifications	Experience and skills
Level 14 (Chief Director)	BLC Law, Advanced Diploma in Labour Law, International Certificate in PPP Financial Modelling.	Contract management - 10 years' experience in construction contracts – drafting, negotiations, litigation and dispute resolution Negotiations - Head of Government legal team for negotiation of PPP prisons Project management - Project manager for DIRCO Head Office construction PPP from project initiation to relocation into facilities, 10 years of operations Lease management – negotiations, drafting, contract management, litigation Property management – investment analysis, options analysis, divestment analysis, highest and best use assessments Board Member of Council of Quantity Surveyors, 2000 to 2005 Member of South African Facilities Management Association

		Legal drafting – Labour Relations Act, CIDB Act, Council for Built Environment Act 5 years' experience in managing misconduct cases – investigating and presiding
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**(b) Directorate: State Owned Property Management**

Level and Rank	Qualifications	Experience and skills
Level 13 (Director)	Position vacant	
Level 12 Deputy Director	Masters' Degree in Business Administration, Property Development and Investment Certificate, National Diploma in Interior Design	Project management, contract management, strategic planning and budgeting, property management Official served as corporate services manager abroad She also acted as DIRCO project manager for renovation projects in Brazil & Tokyo and construction projects in Abuja and Maseru
Level 12 Deputy Director	Masters' Degree in Business Administration	Project management, contract management, strategic planning and budgeting, property management Official served as corporate services manager abroad
Level 12 Deputy Director	Masters' Degree in Public Management	Project management, contract management, strategic planning and budgeting, human resource management Official served as corporate services manager abroad

**(c) Directorate: Leased Property Management**

Level and Rank	Qualifications	Experience and Skills
Level 13 Director	BA Degree in Communication Science, Masters Degree in Business Leadership	6 years' experience as Director: Leased Property Management Extensive experience in contract negotiations, contract management, international lease management, project management Served as corporate services manager abroad
Level 12 Deputy Director	Post graduate diploma: Events Management and Branding	Project management, strategic planning, contract management Served as corporate services manager abroad

Level 12 Deputy Director	National Diploma: Public Administration	Contract management, project management, strategic planning, supply chain management
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**(d) Directorate: Facilities Management**

<b>Level and Rank</b>	<b>Qualifications</b>	<b>Experience and Skills</b>
Level 13 Director	Honours Degree in Public Management	Facilities management, PPP management, contract management, asset management, project management
Level 12 Deputy Director	National Diploma in Internal Audit	Facilities management, PPP management, financial management, contract management Served as corporate services manager abroad
Level 12 Deputy Director	National Higher Diploma: Cost and Management Accounting	Financial management, transport management, ICT, strategic planning and budgeting, project management

**6.5. Does the Department have the personnel with the following skills: Real Estate Management, Property Evaluations, Quantity Surveyors, Project Management? If not how are you hoping to do this as the department?**

No. The position for these skills will be considered in the new organisational structure.

The Department has, in the past, utilised the required skills from the Department of Public Works. In future, the Department will consider options including contract appointments, permanent appointments and/or internships for the building environment skills with continuous professional development of all staff.

**7. Roadmap for Monitoring and Evaluation of the Department's Strategic Plan and Annual Performance Plans**

The Department will follow the due processes as outlined in the Revised Framework issued by the DPME.

Strategic Plan	A mid-term assessment report will be compiled to provide information on progress on the implementation of the Strategic Plan for the first two and a half years. Time frame: The mid-term report will be finalised by the end of November in the third year of implementation of the Strategic Plan.
	An end of term assessment report will be compiled to report

	<p>on the extent of progress and achievement in implementing the Strategic Plan after the five year period.</p> <p>Timeframe: the end of term assessment report will be completed by the end of July in the first financial year of the new planning cycle.</p>
Annual Performance Plan	<p>Quarterly performance reports will be prepared to review performance within the three month period to determine progress against the Annual Performance Plans.</p> <p>Timeframes: Validated quarterly performance reports will be submitted within 30 days after the end of each quarter.</p>
Annual Reports	<p>Annual reports will be completed within five months after the end of a financial year.</p>