

### PROGRESS REPORT TO THE NATIONAL COUNCIL OF PROVINCES

### AD HOC COMMITTEE ON THE NORTH WEST PROVINCE

### ANNEXURE 1

### RESPONSES FROM SECTION 100(1)(b) and 100(1)(a) INTERVENTION TEAMS TO NCOP RECOMMENDATIONS

## Purpose

This document provides progress on a list of outstanding issues recorded by the NCOP’s Ad Hoc Committee for the North West. The responses have been compiled by the intervention teams in the respective departments under section 100(1)(b) and section 100(1)(a) interventions.

## DEPARTMENTS UNDER SECTION 100(1)(b)

## OFFICE OF THE PREMIER (OTP)

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| **Outstanding issue** | **Progress**  |
| Engage with the Provincial Treasury and the National Treasury on issues at North West Development Corporation (NWDC). | After consultation with the Provincial and National Treasuries, the oversight responsibility for the NWDC was successfully transferred from the Office of the Premier to the new Department of Economic Development, Environment, Conservation and Tourism (DECECT). The main reason for the transfer is that the overarching mandate and focus of the NWDC should be more aligned to the mandate and functional responsibility of the DEDECT, than the Office of the Premier. This functional placement aims to facilitate improved oversight and line of sight convergence of strategic focus in support of the economic development of the North West Province.  |
| Improve coordination between the National Treasury, the JCPS and the Administrators on forensic investigations. | There have been extensive engagements facilitated between National Treasury, the JCPS and Administrators on forensic investigations. Challenges have however been on going in this area, with slow progress on a number of forensic investigations. The IMTT has identified the need for an evaluation of the current structuring and funding of forensic investigations. This needs further examination of the cost / benefit of the current model where investigations are outsourced to private auditing firm, opposed to investing in building capacity within state departments for this work. The DPSA has worked with National Treasury, the National Prosecuting Authority, the Directorate of Priority Crimes Investigation, Special Investigating Unit and the Asset Forfeiture Unit to address capacity and coordination issues hampering the investigation, prosecution and recovery of assets in cases involving public funds in the North West Province. |
| Strengthen the war room to direct and coordinate efforts to address service delivery breakdowns. | A provincial war room has been established. The war room intervention is led by Administrators and HoDs and have put in place a rapid response mechanism to address service delivery problems.A key aspect to the operation of the war room was the revamping of the Services Delivery Complaints Management System. A multi-disciplinary task team made up of Call Centre supervisors, GITO and intervention support team strengthened governance arrangements and established improved implementation monitoring and reporting. The war room is currently overseeing the implementation of recommendations emanating from an Assessment Report on the dysfunctionality of the Aspect Unified IP and Remedy Systems and the implications thereof to operations of the Call Centre and service delivery. Alignment of the Call Centre (Complaints and Compliments) to the war room interventions aims to ensure integrated sustainable implementation, monitoring (follow-up) and reporting.  |
| Implement the Post Audit Action Plan for the Auditor General findings. | Auditor General findings and improvements are being monitored through the Post Audit Action Plan (PAAP), which is being managed as a high priority. Due to tight and diligent implementation of the PAAP, the OTP, for the first time in five years, has received a clean audit from the Auditor-General. The matters of emphasis have also been substantially reduced. These matters revolve mostly around the management of ICT and the OTP is working hard to address these.During the 2018/19 financial year, the OTP had 108 findings to be resolved. Fifty seven (57) of the findings were resolved during the year and outstanding action plans for 2017/18 were included in 2018/19 PAAP. Thirty six (36) Auditor General findings were reported for the 2018/19 financial year. This reduction translates into a 67% reduction in the Auditor General findings. The Auditor General findings of 2017/18 had a qualified opinion on the Assets Register and this scenario improved to no finding on the Assets Register in the 2018/19 financial year.Presentation of annual and interim financial statements has improved with fewer points of contention raised by the Provincial Treasury with additional internal controls, by scrutinizing the Annual and Interim Financial Statement to enhance its accuracy and presentation, as well as reinforcing its completeness.In addition to the OTP, 6 other departments also received clean audits, compared to the previous financial year, where only 2 departments received clean audits.  |
| Assess the capacity needs and develop a capacity building plan to mitigate the vacuum that may arise through the disengagement of the ICT PMU. | The Information Communication Technology Project Management Unit (ICT PMU) service provider contract was cancelled putting a stop to the ongoing wasteful expenditure. Shared Information, Communication and Technology (ICT) systems were stabilised. Governance of ICT was strengthened through the reconfiguration of the ICT steering committee, now chaired by the intervention team.Standard practices have been introduced that include extensive reporting on ICT operations, ICT expenditure, ICT risk management, ICT security, ICT Change Control and ICT capacity and availability management. The ICT team is being mentored and coached to improve operations while the business representatives are being mentored and coached on how to properly oversee ICT to ensure business ICT staff were heavily marginalized during the period that NEPO operated in the provincial administration. This resulted in demoralized staff who were not effectively used. The intervention was able to rectify this through the capacity-building plan and correct allocation of roles and responsibilities through the implementation of a pilot workforce productivity measurement reporting exercise. |
| Engage with all programmes on budgeting to ensure alignment to National Treasury Guidelines | Budgeting processes have been enhanced by constant engagement with all programmes and review of the work processed by the Budget Unit in the Office of the Chief Financial Officer. Inputs are made into the Budget Committee in terms of reference to enhance control. Budget shift processes are constantly reviewed for implementation.A thorough business case analysis method was introduced to ensure that the most optimal option is followed when budgeting in terms of reporting to Provincial Treasury and other stakeholders. A remarkable improvement is being realised with no late submissions experienced.Ongoing interaction with the SCM team highlighted weaknesses in the SCM processes needing alignment with and compliance to the National Treasury guidelines. It was further established that the whole SCM team were replaced at some stage during the fifth administration and this coincided with the emergence of the identified challenges.Review of supply chain processes has been completed with continued reduction of number of transactions, which are not in line with prescripts. Demand management assessments were also conducted to inform better and more accurate budgeting.Review of the competitive bid processes was also completed and intervention team members were deployed to the bid specification, adjudication and evaluation committees.The SCM policy has been revised and is currently being implemented. Continuous review of the processes at SCM with special emphasis on prevention of potential irregular payments is conducted on a daily basis. |

## North WEST Department of Health

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| **Outstanding issue** | **Progress**  |
| Make sure all funds lost due to financial misconduct, corruption, transgression of the PFMA, irregular contracts, overpayments (Mediosa, Buthelezi and High Care etc.) are recovered and consequence management is implemented. | The process of consequence management commenced including against the Head of Department (HOD), who was dismissed on 13 January 2020. The department persuaded SIU to file a preservation order against the former HOD on Mediosa. The matter is at an advance stage at the Special Tribunal where parties presented arguments. The matter was postponed for further particulars before the Judge would deliver judgement.The disciplinary hearing for a Director in the Infrastructure Unit was finalized and the employee was dismissed.Overpayments to Buthelezi and High Care EMS were recovered.All other lost funds on corruption and irregular contracts will be pursued and recovered once the cases are finalized.  |
| Make sure that all cases which are handled by both the Hawks (49 cases) and the SIU (44 cases) are finalised and implicated officials or persons are charged. | The department have minimal influence in the work of other institutions like the Hawks and SIU. The department cooperates with the Hawks (SCCU), SIU, SAPS and NDPP to get cases involving fraud, corruption and organized crimes been investigated and finalized.The department receives updates from these law enforcement agencies.  |
| Make sure that all the critical vacant posts and 2 198 advertised posts are filled without delays to address the capacity challenges, particularly around the maintenance unit and other critical areas. | The department processed 1055 permanent appointments for the 2018/19 financial year, 3330 for the 2019/20 financial year and 911 up to August 2020. These appointments of mainly frontline workers and facility support staff (cleaners, porters, groundsmen, data capturers) put the department on a strong footing to manage the surge of COVID-19 cases over the May, June July and August peak period.Overall vacancy rate was reduced from 20% in May 2018 to 14.8% by the end of January 2021. |
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| Make sure that all the critical vacant posts and 2 198 advertised posts are filled without delays to address the capacity challenges, particularly around the maintenance unit and other critical areas. | The department processed more than 7000 appointments in the 2018/19 financial year and 8986 in the 2019/20 financial year (permanent, community service and interns).The department processed 1055 permanent appointments for the 2018/19 financial year, 3330 for the 2019/20 financial year and 911 up to August 2020. These appointments of mainly frontline workers and facility support staff (cleaners, porters, groundsmen, data capturers) put the department on a strong footing to manage the surge of COVID-19 cases over the May, June July and August peak period.Overall vacancy rate was reduced from 20% in May 2018 to 14.8% by the end of January 2021. |
| Make sure that the discussions between the North West Department of Health, the National Department of Health, the Provincial Treasury and the National Treasury to address the budget shortages are concluded. This will assist to resolve the issue of staff and equipment shortage in Mahikeng Provincial Hospital and will enable the fifth theatre to become functional. | The discussions with the two Treasuries continue. The Treasuries understand the plight of the NWDoH and have been supportive with advice and approvals with regard to redirecting funding where it was most required. For 18/19 and 19/20 financial years, accruals of around R1 billion remained. This has mainly been due to hidden outstanding payments to pharmaceutical companies going back to 2016 and the delay in paying Buthelezi and High Care. Payments to Buthelezi and High Care had to be delayed to ensure that over payments were calculated, agreed on and new invoices submitted before payments could be made. There was a long delay because of initial disagreements with Buthelezi. We are confident that we will end the 2020/21 financial year with a 50% reduction in accruals. Key vacancies has been filled at Mahikeng Provincial Hospital (MPH) reducing the vacancy rate by 2% between May 2018 and November 2020 (18% to 16%). This amounts to the appointment of 430 permanent employees, while 90 permanent employees resigned, retired or passed away. In essence, we have filled all vacancies that were there in 2018 but the denominator grew because we activated more posts that were required to make the hospital more responsive to the burden of disease need. The problems with the theatres have been attended to such that technically all 5 theatres are functional. The opening of the 5th theatre is currently awaiting the appointment of theatre-trained nurses. NWDoH has to date not been successful in recruiting nurses who have this speciality to Mahikeng and the CEO will have to select nurses to be trained in this area.The required equipment has been procured for MPH. They still require a CT Scan, which will be procured in the 2021/22 financial year. |
| Make sure that the investigation of the poor performance of the SCM structures at the District levels and bigger hospitals is concluded by June 2019. | This was completed with the assistance of a study done by National Treasury. This unit at provincial level was found to be devoid of strategic capability with many vacancies both at provincial and at district level. Where there are staff at district level, their levels were found to be not commensurate with the work requirements (post levels too low). Two senior managers suspected to be responsible for the dereliction in this area have been charged and are undergoing a disciplinary process. A chief director was recruited to lead the reforms required in SCM and she started in October 2019. She is making progress with filling of vacancies, restructuring district setups as well as with orientation and training. |
|  Make sure that the invoice tracking mechanism is established as a way to improve payment turnaround time. This will reduce backlog of unpaid invoices and further reduce accruals. | The department started the implementation of an automated invoice tracking system to assist with payments within 30 days in 2019 |

## North West Department of Education

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| **Issue raised**  | **Department’s response** |
| **Disruption of schooling -** Protests for services not related to schools continue to disrupt teaching and learning. Learners at Ramokokastad could not attend classes from July – December 2018. Schooling resumed from January 2019, and a recovery plan is being implemented at the school. | Schooling went back to normal at Ramokokastad and the recovery plan was successfully implemented.Schooling at Tlhagameng village was disrupted from January to March 2020 due the demand for tarred road. A contractor was appointed in March 2020 and schooling commenced.  |
| Safety in Schools - Drugs and gangsters in schools threaten the programmes of teaching by educators. | Through the partnership between Schools Safety and SAPS drug abuse and gansterism is being managed. |
| Integration and transformation - There are areas in the province where integration and transformation is still a challenge. | There are no new reported cases or incidences related to integration and transformation. |

## NORTH WEST DEPARTMENT OF COMMUNITY SAFETY AND TRANSPORT MANAGEMENT

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| **Outstanding issue** | **Department’s response** |
| - Ensure that the audit process for the scholar transport routes is concluded by March 2019 as per their target. This will enable the department to rectify all the incorrect information for kilometres travelled and recover monies that have been overpaid. | Audits have been done by Provincial Internal Audit, National Treasury (Gobodo) and AGSA. Distances and tariffs were corrected based on report.  |
| - Make sure that the online tracking of transport and other new innovative mechanisms are implemented to reduce the cost of the scholar transport programme. | This has been delayed due to budgetary constraints.  |
| - North West Department of Transport and Community Safety should conclude the investigations for the financial misconduct and criminal acts within the reasonable timeframe and implement the consequence management for the implicated persons. | Most investigations except the SIU one, concluded. This has resulted in criminal cases being opened. Case numbers: 36/5/2020 and 181/5/2020 |
| - The discussions between the National Department of Transport and Education to resolve the Scholar Transport function should be concluded sooner. | Decision: Learner transport to be in COSATMA |
| - The SIU should conclude its investigations on the Scholar Transport irregularities, and consequence management should be implemented with immediate effect. | SIU still busy and to respond |

## North West Department of Public Works and Roads

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| **Outstanding issue** | **Department’s response** |
| Outstanding legal and disciplinary cases. | The Department of Public Works and Roads has nine (9) SMS disciplinary cases. There are two critical cases of Executive Managers still outstanding. The cases involve the Chief Director: Transport Infrastructure and the Head of Department.The disciplinary case for Chief Director: Transport Infrastructure was finalised and he was dismissed. The official has taken the department on arbitration with the GPSSBC and the arbitration is ongoing.The case involving the Head of Department is ongoing but has been delayed by the changing of legal teams by the official time and again.The Director Legal Services was charged and he resigned. The department is in the process of withdrawing six charges against officials who were charged in 2015/16 financial years as a result of a forensic investigation done by Open Waters. The cases have since stalled and there is no evidence to substantiate the charges. |
| Outstanding and disputed claims and invoices. | The department has two outstanding and disputed claims regarding the renovations of Mmabatho Stadium and the appointment of Open Waters Forensic Investigators.The Administrator and team are working together with the Office of the Premier and Provincial Treasury to find a lasting solution regarding Mmabatho Stadium.The case regarding the appointment of Open Waters forensic investigators was referred to National Treasury for investigation. The matter is delayed at National Treasury. |
| Disgruntled communities as a result of unfunded commitments made for upgrading of roads. | The province is currently bedevilled by commitments and pronouncement of 19 roads with an estimated costing of R4.5 billion made to communities over the years and this has led to continuous instability in affected communities. The abovementioned were made without due consideration to budget availability thus inability to fulfil them.The Administrator and team have to date completed eight (8) roads projects, six (6) are under construction, five (5) are still outstanding. |
| Province under-budgeting for upgrading and maintenance of roads. | The Administrator and team have - through the Office of the Premier - approached Provincial Treasury to solicit more funding for the upgrade of roads from gravel to tar surfaced roads.The department has since received an increase on the Equitable Share for roads from R900m to R1.6 billion over the MTEF period. Taking into consideration the extent of the backlog, the amount remains insufficient. Recent budget cuts create further threats and discussions are under way with Provincial Treasury on the matter. |

## Department under section 100(1)(a)

## North West Provincial Treasury

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| **Outstanding issue** | **Department’s response** |
| Finalisation of the Provincial SCM Policy Framework and its distribution to the sector departments. | Provincial SCM policy framework approved and communicated to department for implementation. |
| The PT has advertised critical vacant SCM posts in October 2018 and HR is currently busy profiling the applications. Progress in filling the posts to be monitored. | Director SCM compliance and Director SCM policy posts have been filled. |
| The PT to provide the National Treasury with information required to finalise the application of irregular expenditure for condonation. | Information was provided to NT but there was no condonation granted due insufficient information to conclude on the matter. In most cases, further investigations were required. To this end PT have appoint panel of expert to assist departments with compliance investigations.To this end, phase 1 is in progress whereby a request was sent in July 2020 to departments and Entities to submit 5 cases that should be allocated to investigators. To date eight (8) departments have made submissions for cases to the value of R3.6bn and no response has been received from Entities. |
| The PT to submit unauthorised, irregular, fruitless and wasteful expenditure documents to the National Treasury, once received from municipalities. | Reports were shared with National Treasury. |
| The filling of the advertised critical vacant posts within the PFMA and MFMA units. | Three (3) director positions advertised in November 2020 for MFMA. |
| Progress with the procuring of the service providers for data cleansing at Mahikeng, Madibeng and Lekwa Teemane municipalities. | The project is led and sponsored by COGTA NW.  |
| Procure service providers to assist on 2018/19 financial year audit. |  Done and audits were completed.  |

## North West Department of Cooperative Governance and Traditional Affairs

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| **Outstanding issue** | **Department’s response** |
| - Given that administrators for Maquassi Hills Municipality and Kagisano Molopo Municipalities have been prevented to enter the municipal premises by community members, the follow up is required on the progress made through political interventions and legal processes. | In Maquassie Hills the Administrator was finally allowed access to the municipality, to date the Administration has been terminated.In Kagisano Molopo municipality the government was granted leave to appeal the Judge decision, the court has not communicated as yet the date of the hearing. |
| - Follow up on the work of the task team, which is appointed by the MEC to conduct an assessment and intervention mechanism on the regressing municipalities. | This matter is ongoing, as national CoGTA has not received the close out reports in order to determine the assessment. |
| Department of Cooperative Governance and Traditional Affairs should make sure that: |  |
| - The political interference is resolved to improve performance in Ratlou Municipality; | In September 2019, CoGTA/MISA assisted the municipality to commit and register MIG projects. The Administrator brought stability to the municipality; to date the intervention has come to an end. The municipality is showing sign of regress as it had spent 0% to date on MIG and there are number of vacancies at senior management level.  |
| - The water challenges including water spillage in Dr Ruth SM District is resolved and monies invested in VBS are recovered; and | Minister of CoGTA and DWS visited DR RSM and interventions were identified in short, medium and long term, the District is implementing the Action Plan to address water challenges and spillages. The VBS funds have not been recovered. |
| - That drastic action is taken to address the collapse of the JB Marks Municipalities which is a merger of Tlokwe and Ventersdorp Municipalities. | The JB Marks has been placed under with effect 01 June 2020 to address some of the challenges that emerged from the merger.The mayor has been arrested by the Hawks. |

## North West Department of Human Settlements

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| **Outstanding issue** | **Department’s response** |
| The implementation of measures such as a Community Outreach programme which is aimed to address stalling housing projects and community unrests. | Over 70 community outreach events at ward-level were held in all districts targeting local municipalities where projects are being implemented during 2018/18 and 2019/20. Local project steering committees are instituted for each project to ensure community participation in active project |
| NCOP should follow up on the 1500 cases of subsidy beneficiaries registrations to be completed in March 2020. | All the 1500 known cases of stranded beneficiaries with approved housing subsidies without the benefit of accessing a house have been resolved. However, new cases are resolved as they are identified. |
| NCOP should follow up on the approval of the new organisational structure.  | The Organisational Structure for the new Department of Human Settlements is approved |
| The implementation of measures taken to address the poor workmanship of contractors on various sites need to be followed up. | Performance of contractors is monitored by the Department of Human Settlements and the National Home Builders Registration Council (NHBRC) inspection of construction minimises quality failures.Furthermore, competent contractors that meet specified requirements have been appointment |
| Measures taken to address the sporadic community unrests which impede on progress of the housing projects need to be followed up. | Community outreach events assisted in minimising local unrests. CoGTA efforts to stabilise municipalities has also assisted in minimising local unrests.The phenomenon of Syndicates demanding a share of projects continues to pose a risk to active projects |

## North West Department of Social Development

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| **Outstanding issue** | **Department’s response** |
| Ongoing labour unrest. | No labour unrest since 2019. |
| Inadequate tools of trade, particularly ICT equipment and vehicles due to limited financial resources. | All relevant tools of trade have been provided and are provided on a continuous basis as and when the need arises |
| Limited resources for office space that requires upgrades and additions. | Upgrades are made following a phase approach because of limited resources. However, every year financial a request is made to Treasury for adequate resources. |

## North West Department of Agriculture and Rural Development

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| **Outstanding issue** | **Department’s response** |
|  A meeting of the political principals needs to be scheduled to address issues regarding implementation of Directives. | With the change of leadership, there is no longer a need for this meeting as the current executive authorities and accounting officers of the two departments have common understanding. |
| The department to obtain a progress report from the courts on the AgriDelight matter. | After a long delay the department received a report from AgriDelight, via the Office of the Premier. The report did not however provide the required information on the implementation of the contract and on the expenditure of the R604 million in dispute. Instead AgriDelight issued a further invoice for R330 million. The department is currently waiting for the matter to be heard in court.  |
| The department to devise a strategy in dealing with outstanding claims emanating from contracts initiated by AgriDelight. | The department still awaiting for the matter to be heard in court. After a long delay the State Attorney in the North West has finally appointed a Counsel to deal with the matter.  |
| DAFF, READ and DRDLR to meet and discuss AgriParks with the specific purpose of outlining roles and responsibilities relating to the establishment of AgriParks. | This has not yet been concluded. The DG of DALRRD is leading the process to clarify the roles between the provincial department and the office of the national department, resident in the province.  |