



26 February 2021

**Summary of Committee Observations in the Inter – Ministerial Task Team Report
dated 15 February 2021**

1. Introduction

The Ad Hoc Committee on North West Inquiry (hereafter referred to as the Committee) had briefings by the Inter-Ministerial Team on the 15th February 2021 with an aim to receive progress report of the section 100 Intervention in the North West Province. The aim of this paper is to specifically report on the observations of the Committee with respect to the briefings held on 15 February 2021.



Summary of Progress in Implementing Cross Cutting Ad Hoc Committee Recommendations	
Ad Hoc Committee Recommendation	Progress made thus far - 15 February 2021
Disciplinary action against transgressors	<p>About 28 senior managers faced and still facing disciplinary processes related to financial misconduct, fraud and corruption, dereliction of duty and related as follows:</p> <ul style="list-style-type: none"> • Office of the Premier (two – one dismissed) • Department of Health (eight – two senior managers dismissed, including HOD) • Department of Public Works and Roads (nine – CD Roads dismissed, Director Legal Services resigned) • Department of Community Safety and Transport Management (four) • Department of Education (five – one dismissed, Chief Director Infrastructure resigned) <p>Ongoing forensic investigations by the National Treasury and the SIU is expected to result in more officials facing disciplinary actions.</p>
Criminal investigations	<p>The National Prosecuting Authority (NPA) together with the Directorate for Priority Crimes Investigation (DPCI) are pursuing 51 criminal cases related to public funds in the North West:</p> <ul style="list-style-type: none"> • 17 cases enrolled for trial • 2 cases to be enrolled • 14 cases awaiting decision from National Prosecuting Authority (NPA). • 8 cases are under investigation by the Directorate of Priority Crimes Investigation (DPCI) • 10 cases have been finalised (five guilty, one not guilty, four declined to prosecute) <p>The Asset Forfeiture Unit (AFU) is currently involved in efforts to recover funds in priority cases, The Special Investigating Unit (SIU) is currently undertaking investigations under six Presidential Proclamations.</p>
Compliance, good governance and financial management	<p>Audit results for 2019/20 show a turnaround after five years of decline and stagnation (Unqualified audits increase from 4 to 7, including the Office of the Premier.)</p> <ul style="list-style-type: none"> • The province reports a decrease in annual irregular expenditure to R3,484bn from R4,72bn in 2018/19. • 100(1)(b) departments show reduction in audit findings and areas of qualification. • Capacity building has taken place across departments to strengthen supply chain management. • Irregular project management units and outsourcing arrangements have been terminated. Processes are underway to recover losses to the State. • Provincial departments reconfigured to align with national norms.
Develop legislation to guide the implementation of the intervention	<p>The Intergovernmental Monitoring, Support and Interventions (IMSI) Bill, has been developed, together with concomitant regulations, and consulted with affected government departments,</p>



	<p>The Bill will be presented before the State Law Advisor to test its constitutionality, and will simultaneously be present to the Department of Planning Monitoring and Evaluation to undertake and obtain a “socio-economic impact assessment” certificate within 2020/2021 financial year.</p> <p>The purpose of the Bill is:</p> <ol style="list-style-type: none"> a) to regulate the implementation of, and the processes provided for in section 100 and section 139 of the Constitution; b) to provide for targeted support to provinces and municipalities in need of assistance; c) to provide for the monitoring of provinces and municipalities as to the fulfilment of their executive obligations in terms of the Constitution or legislation; d) to provide alternative steps to interventions to induce compliance by provinces or municipalities with their executive obligations; e) to provide for the deployment of administrators by the intervening national executive or provincial executive; and to provide for matters connected therewith. 		
<p>Develop an exit strategy to sustain the intervention</p>	<ul style="list-style-type: none"> • Directives under section 100(1)(a) will be issued to ensure progress and continuity on areas highlighted by NCOP. • These directives together with other indicators will be monitored through a proactive system to detect and respond to challenges timeously, to prevent backsliding. • The Director General of the province, as well as the Heads of Department for Health, Social Development, and Agriculture and Rural Development are currently vacant following resignation, dismissal, retirement and expiry of contract. • Filling these vacant positions is a critical milestone for leaving the province on a stable footing and enabling the withdrawal of the direct intervention. • The recruitment processes for all four positions are on track for the new leadership to be in place by the start of the 2021/22 financial year. • The contracts for four other Heads of Department positions are expiring in the new financial year and will need to be filled to ensure stability. 		
<p>Summary of Progress and Outstanding Priorities per sector department as at 15 February 2021</p>			
<p>Office of the Premier – s100 .1.b</p>			
<p>Reasons for intervention</p>	<table border="1" style="width: 100%;"> <tr> <td data-bbox="678 1608 1090 1641"> <p>Progress made</p> </td> <td data-bbox="1090 1608 1485 1641"> <p>Outstanding Priorities</p> </td> </tr> </table>	<p>Progress made</p>	<p>Outstanding Priorities</p>
<p>Progress made</p>	<p>Outstanding Priorities</p>		



<p>Failure to provide leadership resulting in a generalised breakdown in governance, accountability and labour relations. Non-compliance to prescripts and entrenchment of a culture of impunity due to lack of accountability and consequence management. An inability or unwillingness to address audit findings by the Auditor General (AG). Office of the Premier delivering services falling within the mandates of other departments. Outsourcing of core functions.</p>	<p>NW Coordinating Committee established, led by Office of the Premier to guide on transversal issues. Improved controls and governance resulting in unqualified audit. Various functions, which had been centralised in Office of the Premier in fifth administration, returned depts. Investigation and termination of irregular contracts and project management unit Rebuilding internal capacity for managing ICT in the province and systems stabilized. ICT governance has been restored through establishment of Provincial ICT steering committee. Massive reduction of irregular expenditure.</p>	<p>Appointment of Director General. Completion of ICT strategy. Establishment of effective provincial labour relations framework. Transfer of Community Development Workers to Cogta. Finalisation of Provincial Macro Organisation of Government process. Finalisation of priority disciplinary cases.</p>
<p>NW Department of Health - s100(1)(b)</p>		
<p>Reasons for intervention</p>	<p>Progress made</p>	<p>Outstanding Priorities</p>
<p>Collapse of governance structures, Supply Chain Management (SCM) and financial controls, resulting in high levels of accruals and failure to manage contracts. Labour unrest due to dysfunctional performance management system, non-resolution of grievances and bonus payments. Fraud, corruption and dereliction of duty by senior officials. High vacancy rates, especially at management level. Collapse of services at hospitals and clinics, requiring the intervention of the SANDF. Emergency services under-resourced and under-capacitated.</p>	<p>SCM contracts reviewed and disciplinary processes commenced – two senior managers including HOD dismissed, four lower level officials dismissed. The labour environment stabilized through agreements organised labour, and the re-establishment of the Provincial Bargaining Chamber. Key management vacancies filled and over 5000 permanent appointments made. Appointed 11 senior managers of which three were NWDoH officials who were promoted. A ten-year maintenance and refurbishment plan for hospitals is being implemented. 147 EMS vehicles (ambulances, patient transport, response and forensic vehicles deployed</p>	<p>Appointment of the new Head of Department. Correcting the budget baseline for the Department to prevent on-going problem of accruals. Stabilisation of pharmaceutical section. Improvement of ICT infrastructure Automation of NWDoH document management and information generation processes</p>



	since intervention to insource EMS services.	
NW Department of Education - s100(1)(b)		
Reasons for intervention	Progress made	Outstanding Priorities
<p>Non-compliance with the legislative and regulatory frameworks of government. Infrastructure school built programme was fraught with irregularities and abuse of Treasury Regulations Section 16A6 to appoint contractors, large sums of funds lost.</p> <p>Supply chain management challenges including irregular awarding of huge contracts without going through procurement processes.</p> <p>Human resource management challenges including irregular appointment of inappropriately qualified personnel.</p> <p>Impasse with labour on the implementation of the approved organizational structure.</p>	<p>Matric results increased to 86.6% in 2019 (up 5.7% from 2018.)</p> <p>Filled vacant posts of principals, Deputy principals and head of departments</p> <p>12 procurement related investigations completed.</p> <p>Irregular expenditure is reduced by R1,2 billion, awaiting condonation by the relevant authority.</p> <p>New business processes for financial management and invoice tracking system are adopted.</p> <p>New bid committees established.</p> <p>Built technical specialists appointed to improve management of school construction projects.</p> <p>Impasse on organizational structure has been addressed and the structure is being implemented.</p>	<p>Appoint an audit firm to investigate the remaining irregular and wasteful expenditure.</p> <p>Implementation of the structure for the district development model</p> <p>Implementation of consequence management on investigated cases.</p> <p>Appoint four senior managers and capacitate risk, internal control and supply chain management units.</p> <p>Recruit infrastructure engineers.</p> <p>Improve infrastructure, planning and performance.</p> <p>Strengthen financial and human resource management.</p>
NW Community Safety and Transport Management - s100(1)(b)		
Reasons for intervention	Progress made	Outstanding Priorities
<p>Lack of internal controls and systems.</p> <p>Poor implementation of supply chain processes and financial management.</p> <p>Lack of proper compliance and governance monitoring.</p> <p>Several problematic contracts causing high levels of irregular expenditure (e.g. scholar transport, airport management companies and North West Transport Investments (NTI)).</p>	<p>Revised all SCM policies.</p> <p>Developed new contract management system.</p> <p>Established a new bid adjudication committee and introduced project specific evaluation committees.</p> <p>Risk management unit enhanced (the best performing unit with full compliance in all areas.)</p> <p>Implemented Post Audit Action Plans, trained staff to monitor compliance & detect possible IUF's.</p> <p>Conducted several investigations on irregular contracts, set aside learner</p>	<p>Key contracts that were cancelled due to irregularities/illegalities need to be concluded (under close supervision- before section 100(1)(b) ends).</p> <p>Outstanding investigations and consequence management on concluded investigations.</p> <p>Finalise/regularise irregular expenditure.</p> <p>Continue with stabilisation of NTI and improve liquidity after overturn of liquidation.</p> <p>Finalise fit-for-purpose organisational structure.</p>



	<p>transport contract, cancelled SA Express contract and opted out of irregular security contract.</p> <p>Intervened to stop liquidation of provincial transport company – Northwest Transport Investments.</p>	Clear repeat AGSA negative findings.
NW Department of Public Works and Roads - s100(1)(b)		
Reasons for intervention	Progress made	Outstanding Priorities
<p>The department reduced the scope of its mandate over time and deviated from its role as custodian of the asset management plan.</p> <p>Interference in procurement of services for unfunded mandates.</p> <p>Ineffective financial management.</p> <p>The maintenance budget for roads was consumed by unfunded mandates emanating from the Premier's Office which aggravated backlogs in road maintenance.</p> <p>The department lacked technical expertise in the built environment.</p>	<p>Unblocked construction projects.</p> <p>R1,3bn for road projects in 19/20.</p> <p>109 road projects implemented under Roads Recovery Plan, creating 9 035 jobs.</p> <p>Graders and TLBs procured for the first time in three years.</p> <p>Co-ops; brick plants; community contractor and road maintenance programmes resuscitated.</p> <p>Criminal cases opened for crimes including fraud, and intimidation.</p> <p>62 752 job opportunities created through the EPWP programme, 61 local contractors and 40 SMME's in road maintenance projects (R 220million).</p> <p>285 positions advertised and 99 positions have been filled to date.</p> <p>Reviewed & improved financial governance structures & controls.</p>	<p>Filling of critical vacancies.</p> <p>Finalization of Ayamah and Open Waters forensic investigations.</p> <p>Finalise Infrastructure Delivery Management System (IDMS) protocols on building infrastructure for all departments.</p> <p>Finalise the assessment of all Mega Projects.</p> <p>Office Space and Multi-Tenancy Office Project for the provincial government.</p> <p>Sale of redundant properties.</p> <p>Implementation of Information Management Systems.</p>
NW Provincial Treasury - s100(1)(a)		
Reasons for intervention	Progress made	Outstanding Priorities
<p>Major weaknesses in supply chain management (SCM) and in the monitoring and support of municipal finance management.</p> <p>Financial controls in the finance cluster had collapsed due to historically accumulated unauthorised expenditure, irregular expenditure and accruals. This was largely due to non-compliance with SCM laws and regulations.</p>	<p>SCM framework for provincial departments and entities reviewed and adopted.</p> <p>Provincial Treasury SCM Unit Organizational Structure approved and of key personnel in progress.</p> <p>Completed competency assessment for approximately 720 SCM officials for both the</p>	<p>Condonation of irregular expenditure.</p> <p>Implementing the contract management project for municipalities.</p> <p>Undertake skills audit and upskilling of municipal Budget and Treasury Office and Provincial Treasury's MFM unit.</p>



The Provincial Treasury itself achieved a clean audit, though demonstrated weaknesses in its fiscal oversight role.	MFMA and PFMA and individual competency gaps identified. NT assisted the PT to finalise a Contract Management Framework for the Province.	Municipal intervention – invocation and implementation of s139 of MFMA. Develop implementation plan for SCM capacity building support.
NW Cooperative Governance and Traditional Affairs - s100(1)(a)		
Reasons for intervention	Progress made	Outstanding Priorities
Failure to approve and finalise the organizational structure. 20 out of 22 municipalities obtained disclaimers or qualified audit opinions in 2016-17. 12 municipalities were dysfunctional, requiring urgent intervention. Poor financial management. Inadequate implementation of audit improvement plans and weak municipal support by the department. Water and sanitation support functions were weak.	Provincial department achieved clean audit indicating improvements in governance and financial management. Situation at municipalities remains matter of concern. Water and sanitation challenges continue to negatively impact the province.	Fit-for-purpose organisational structure. Migrate Community Development Workers from Office of Premier to Cogta. Review and implement section 154 municipal support plans issued in July 2018.
NW Department of Human Settlements - s100(1)(a)		
Reasons for intervention	Progress made	Outstanding Priorities
The department did not meet its targets in line with the approved business plan. There has been frequent changes of incumbency to the Head of Department post, impacting on management stability. Poor audit outcomes due to irregular expenditure. Lack of technical capacity.	The Human Settlements Development Grant Business Plan for 2019/2020 completed, approved and implemented. The department achieved its actual targets on delivery of services sites and units build during period under review. Title Deeds Restoration Grant business plan developed and implemented. Multi-Year Human Settlements Development Plan and Projects Readiness Matrix developed.	Establishment of new departmental structures (effectively non-existent). End reliance on outsourced Project Management Unit. Transfer of North West Housing Corporation houses to beneficiaries. Completion of blocked projects.
NW Department of Social Development - s100(1)(a)		
Reasons for intervention	Progress made	Outstanding Priorities
Non-compliance with SCM processes. Lack of internal controls and audit findings not actioned by management. Non-compliance with Occupational Health and Safety Act.	Sufficient progress has been made on the ministerial directives to warrant issuing a close out report. The national department will continue to provide support on the	Appointment of HOD.



Collapse of services due to break down in labour relations.	challenges regarding infrastructure that face the provincial department.	
NW Department of Agriculture and Rural Development - s100(1)(a)		
Reasons for intervention	Progress made	Outstanding Priorities
Structural weaknesses in the department that included inadequate business planning and execution of programmes and projects. Lack of alignment between strategy capacity and capabilities. Challenges in the use of an implementing agent: Agridelight resulting in problems with project implementation.	The use PMUs in the DARD was halted. There is noticeable improvement in DARD implementing projects by itself. Forensic audit into Agridelight matter. Forensic audit into the Compre-hensive Agricultural Support Programme conditional grants. Transfer of assets to beneficiaries completed. New organisational structure approved. The engineering capacity within DARD strengthened.	Appointment of HOD. Incomplete agro processing projects. Investigation and consequences management into the prior year irregular expenditure of R1 billion. Processing and court challenges of the Close Out Report from the Agridelight PMU, which has in turn submitted additional invoices amounting to over R30 million.
NW Department of Tourism - s100(1)(a)		
Reasons for intervention	Progress made	Outstanding Priorities
Conflation of powers between the administration and political leadership. Assessment of oversight processes between the Department and the North West Tourism Board. Improving financial management, contract management. Enhancement of governance arrangements.	Tourism function transferred from the abolished North West Department of Tourism to the North West Department of Economic Development, Environment, Conservation and Tourism (DEDET) with effect from 28 May 2019. NW Parks Board and the NW Tourism Board have been merged in line with the recommendations from national department.	The national Department of Tourism is to discontinue the section 100(1)a intervention but continue to support the DEDET in its additional tourism function, including areas which are not fully completed.

Committee observations from the IMTT progress report dated 15 February 2021:

- Based on its progress report, the Committee observed that although some matters were still outstanding, however, the Inter Ministerial Task Team (IMTT) had made some good progress in the North West Province, especially given the advent of Covid 19 pandemic in 2020, which made things difficult and posed specific challenges for the affected departments and administrators to do their work properly.



- The Committee observed that due to the number of outstanding matters, which still need to be addressed by the intervention team, the IMTT had reviewed its earlier decision to terminate the intervention by the end of the 2020/21 financial year and the Committee welcomed the extension of the intervention period, which will be reviewed in June 2021.
- The Committee observed that the legislation to enable the effective implementation of the intervention was underway, however, this will still need to be presented to the State Law Advisors and the Department of Planning, Monitoring and Evaluation (DPME) for the socio economic impact assessment in 2020/21.
- The Committee noted the lack of urgency in the filling of funded vacant positions with capable and professional expertise in order to ensure stability and progress in the Province, particularly in the provincial Department of Health, which was affected by labor unrest as a results of vacancies not being filled. Members of the Unions had also raised the matter in their submission during the Ad hoc Committee oversight visit in 2018.
- The Committee noted the improved matric pass rate despite the fact that schools had been closed for five months due to unrest, and it was informed that all Matriculants were moved to a safe place during that period - hence the province managed to maintained a good pass rate.
- The Committee felt that the presentation did not indicate whether there were any cases, charges against the former Premier of the North West since the transgressions and irregularities had happened under his leadership. The Committee further noted the fact that the provincial Department of Cooperative Governance and Human Settlements would provide more detailed report around the challenges emerged from the merger that resulted to the JB Marks Municipality being placed under administration (Section 139 of the Constitution).
- The Committee noted that there were serious outstanding issues that still needed to be addressed before the section 100 intervention could be terminated and more concerning was the fact that some of those issues seemed to be time consuming and very far from completion (filling of posts, Supply Chain Management processes etc).
- Furthermore, the Committee noted the slow movement in relation to investigating, and prosecuting cases emanated from section 100 intervention by law enforcement agencies as well as recovering funds lost to the State as a results of maladministration and corruption.



- The Committee observed that there was no clear and articulated exit strategy for the intervention team to terminate the process in a sustainable and constructive manner and to ensure that there is no collapse of systems and processes once the intervention has been withdrawn.
- The Committee noted that all North West personal protective equipment (PPE) alleged cases that took place in some municipalities were being investigated by the law enforcement agencies (SIU and Hawks).
- The Committee noted that the Learner Transport and Security contracts were complex and posing major challenges for the Province since 2010 and that the law enforcement agencies were going to provide progress made around the Agridelight regarding unlawful contracts that were awarded in this regard.