

INTER-MINISTERIAL TASK TEAM

FOR THE NORTH WEST PROVINCE

**PROGRESS REPORT TO THE NATIONAL COUNCIL OF PROVINCES AD HOC COMMITTEE**

**FEB 2021**

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# PART A – SUMMARY PROGRESS REPORT

# 1. Purpose

This is a progress report on the section 100(1) intervention in the North West Province.

It provides an overview of the intervention, as well as progress reports from the eleven national departments intervening in terms of section 100(1) of the Constitution of the Republic of South Africa (1996).

# 2. Overview

The national executive, under President Cyril Ramaphosa, invoked section100(1)[[1]](#footnote-2) of the Constitution in the North West Province on 9 May 2018, following widespread unrest, strikes and protest against corruption and maladministration. The decision to put the province under administration followed a decision on 25 April 2018 to place the North West Department of Health under administration in terms of section 100(1)(b).

Prior to placing the province under administration, an Inter-Ministerial Task Team (IMTT) under the leadership of Minister N.C. Dlamini Zuma[[2]](#footnote-3), conducted extensive engagements in the province, which informed the recommendation to invoke section 100(1) in the province. Following the 9 May 2018 decision, assessment teams from national departments were deployed to conduct a rapid diagnostic of all provincial departments. Cabinet then placed five departments, namely the Office of the Premier, Health, Education and Sports Development, Public Works and Roads and Community Safety and Transport Management under section100(1)(b)[[3]](#footnote-4), with Administrators deployed to run these departments. A further five departments were issued with Ministerial directives to be implemented under the supervision of officials from their corresponding national departments, in terms of section 100(1)(a) of the Constitution. These departments were Social Development, Local Government and Human Settlements, Finance, Tourism and Rural, Environment and Agriculture Development[[4]](#footnote-5).

The implementation of intervention plans was underway by late July 2020, with teams from national departments deployed to the province to lead the interventions.

## 2.1 intervention OVERSIGHT AND IMPEMENTATION STRUCTURES

The National Council of Provinces has oversight over the intervention in terms of section 100(2). The NCOP has established an ad hoc committee to oversee the intervention in the North West. In October 2018, the NCOP adopted the recommendations of the ad hoc committee that the intervention continue beyond 180 days. The outgoing ad hoc committee, (chaired by Hon. Carel De Beer, MP), also recommended that the incoming NCOP constitute a new ad hoc committee to continue to oversee the intervention. A new ad hoc committee has been established under the leadership of Hon. China Dodovu, MP to undertake the oversight work for the sixth parliament.

The President appointed an Inter-Ministerial Task Team (IMTT) for the intervention in the North West, under the leadership of Minister Dlamini Zuma, who remains the Convenor of the IMTT in the sixth administration. The IMTT is accountable to Cabinet and the NCOP. The Technical Task Team (TTT) made up of the Directors General from the participating departments and agencies supports the IMTT. The TTT is responsible to the operational management of the intervention.

The following Ministers make up the IMTT in the sixth administration:

1. Minister of Cooperative Governance and Traditional Affairs (Convener)
2. Minister of Agriculture, Rural Development and Land Reform
3. Minister of Basic Education
4. Minister of Defence and Military Veterans
5. Minister of Finance
6. Minister of Health
7. Minister of Human Settlements, Water and Sanitation
8. Minister of Justice and Correctional Services
9. Minister of Police
10. Minister of Public Service and Administration
11. Minister of Public Works and Infrastructure
12. Minister of Social Development
13. Minister of State Security
14. Minister of Tourism
15. Minister of Transport

A Memorandum of Understanding (MOU) was signed in June 2018 between the Convenor of the IMTT and the Premier of the province. This MOU sets out the roles and responsibilities of national and provincial government during the intervention. This MOU, together with the Implementation protocols (described below), decisions of Cabinet, recommendations of the NCOP, and the decisions of the IMTT, provide the framework for governance under the intervention. While the intervention is in effect, all decisions of the provincial EXCO must be submitted to the IMTT and discussed with the responsible Ministers before they can be implemented.

The MOU establishes a coordinating committee in the province, which replaced the previous EXTECH committee. This has become known as the North West Coordinating Committee (NWCC). It brings together all Administrators and Heads of Departments and functions as the technical committee of the EXCO. The MOU creates the role of a Coordinator for the intervention who is tasked to chair the NWCC and report to the head of the TTT and the Convenor of the IMTT. This role is currently performed by the Administrator in the Office of the Premier, supported by officials from the Department of Planning, Monitoring and Evaluation. For the first six months of the intervention (July 2018 – Feb 2019) the role of Convenor was filled by official on contract from the CSIR.

In the five departments placed under section 100(1)(b), the accounting officer functions have been transferred from the Head of Department (HoD) to an Administrator appointed by the responsible national Minister. The MEC and the Minister have signed Protocol Agreements that set out the respective powers in terms of executive authority and decision making on matters that affect the running of the department. In the departments that are under section 100(1)(a), the national Ministers have issued directives that the departments are legally obliged to implement. The national departments have appointed coordinators to work with the provincial Heads of Department to implement the Directives.

Section 100(3) of the Constitution makes provision for legislation to govern interventions by the national executive, however this legislation has not yet been finalised. In the absence of legislation, the governance framework has consisted of:

* The Cabinet decision of 9 May 2018 invoking section 100 for the province
* The Cabinet decision of 23 May 2018 specifying the category of intervention in the 10 departments
* The Memorandum of Understanding (MOU) signed between the Convenor of the IMTT and the Premier of the province on 28 June 2018
* The Implementation Protocols signed between the respective MECs and Ministers
* Legal opinions from the Chief State Law Advisor

The absence of legislation has meant that areas of contestation and uncertainty have arisen, particularly with regard to the powers of MECs vis-à-vis Administrators in departments placed under section 100(1)(b). This has been managed through engagements between individual MECs, Administrators and Ministers as well as through meetings between the provincial EXCO and the IMTT.

Of importance is the status of decisions of the provincial EXCO. While the MOU requires that all decisions of the provincial EXCO must be submitted to the IMTT before implementation, a judgement of the Mahikeng High Court effectively ruled that the provincial EXCO had no power to take decisions because of the section 100(1) intervention. This judgement is under appeal, but underscores the need to ensure that the IMTT is supportive of any decisions taken by the EXCO. The practice, as directed by the Convenor of the IMTT, has been for the responsible MECs and Minsters to agree to a particular EXCO submission prior to approval. The IMTT then subsequently ratifies EXCO decisions and communicates this through formal correspondence with the Premier.

The Ad Hoc Committee of the National Council of Provinces has emphasised the completion of the legislation as a priority for the sixth administration. The finalisation of the Intergovernmental Monitoring, Intervention and Support Bill, has recently made headway with engagements facilitated by DPME, DCOG, DPSA, State Law Advisor and National Treasury. A revised Bill is expected to be submitted to Cabinet in this current financial year.

##  2.2 Timeline of events

The timeline below presents the key events and milestones of the intervention to date.

|  |  |
| --- | --- |
| **20 April 2018** | President Cyril Ramaphosa leads delegation to intervene in the violent protests that engulfed the province. |
| **25 April 2018** | Cabinet invokes section 100(1)(b) for the North West Department of Health. |
| **30 April 2018** | The Inter-Ministerial Task Team IMTT is established and embarks on extensive engagements with stakeholders in the province. |
| **9 May 2018** | Cabinet invokes section 100(1) for the entire province. |
| **17 May 2018** | National Council of Provinces (NCOP) establishes Ad Hoc Committee for the North West Province to investigate and oversee the intervention. |
| **21 May 2018** | Agreements reached with organised labour for staff to return to work at both department of Health and Social Development – the main focus of labour unrest. |
| **23 May 2018** | Premier Supra Mahumapelo resigns. MEC for Finance, Wendy Nelson takes over as Acting Premier |
| **23 May 2018** | Cabinet specifies interventions for 10 provincial departments. |
| **30 May 2018** | Members of the NCOP Ad Hoc Committee hold first meeting. |
| **6 June 2018** | IMTT presents progress report to Cabinet |
| **7 June 2018** | IMTT briefs the provincial leadership in Mahikeng on the decision for intervention. |
| **14 June 2018** | IMTT briefs the Ad Hoc Committee about the North West intervention. |
| **22 June 2018** | Premier Job Mokgoro is sworn in. |
| **27 June 2018** | North West provincial Executive briefs the Ad Hoc Committee. |
| **28 June 2018** | Memorandum of Understanding (MOU) signed between the national government and the North West provincial government. |
| **10 July 2018** | Administrators appointed and introduced to the management of the North West government. |
| **2 August 2018** | First meeting of the North West Coordinating Committee, bringing together all administrators and heads of department. |
| **16 August 2018** | IMTT progress report presented to the NCOP Ad Hoc Committee. |
| **22 August 2018** | IMTT presents progress report to Cabinet |
| **9 October 2018** | IMTT meeting in Tuynhuys |
| **10 October 2018** | IMTT presents progress report to Cabinet |
| **15 – 19 October 2018** | NCOP Ad Hoc Committee undertakes site visit to the North West, and thereafter submitted its report to the NCOP. |
| **31 October 2018** | NCOP approves the intervention, allowing it to continue beyond 180 days. |
| **5 December 2018** | IMTT presents progress report to Cabinet |
| **6 December 2018** | Premier of North West reshuffles his Executive Council |
| **6 February 2019** | IMTT presents a progress report to the Ad Hoc Committee.  |
| **8 May 2019** | National and provincial general elections. |
| **27 May 2019** | Premier Job Mokgoro inaugurated as Premier for the sixth administration |
| **28 May 2019** | Premier Mokgoro announces new Executive Council |
| **29 May 2019** | President Cyril Ramaphosa announces new Cabinet |
| **27 June 2019** | Premier Mokgoro promulgates new provincial departments |
| **30 August 2019** | Proclamation 50 of 2019: Proclamation of new provincial departments |
| **15 March 2020** | National State of Disaster declared for COVID-19 |
| **26 March 2020** | National lockdown begins |
| **2 December 2020** | IMTT tables progress report to Cabinet |
| **3 December 2020** | IMTT presents progress report to NCOP |
| **10 February 2021** | IMTT tables progress report to Cabinet |
| **15 February 2021** | IMTT briefs ad hoc committee of NCOP |

## 2.3 The sixth administration and implications for section 100 intervention.

### 2.3.4. Reconfiguration of EXCO and departments

The Premier announced the Provincial Executive Council (EXCO) on 28 May 2019, setting out a number of changes to portfolios and bringing the province into line with national norms. The table below present the new portfolios and the MECs selected to serve in these:

|  |  |  |
| --- | --- | --- |
| **EXCO Portfolio** | **Section 100(1)**  | **Incumbent** |
| Agriculture and Rural Development | 100(1)(a) Directives issued by Minister of Agriculture, Forestry and Fisheries | MEC Desbo Mohono |
| Arts, Culture, Sports and Recreation | No directives issued for any of these functions | MEC Tsotso Thlapi |
| Community Safety and Transport Management | 100(1)(b)Administrator appointed by Minister of Transport | MEC Sello Lehari |
| Cooperative Governance, Human Settlement and Traditional Affairs | 100(1)(a) directives issued for both Cooperative Governance and Human Settlement functions | MEC Gordan Kegakilwe (passed away on 6 July 2020)MEC Mr Mmoloki Cwaile (appointed 21 November 2020) |
| Economic Development, Environment and Tourism | 100(1)(a) directives issued for Tourism function | MEC Keneetswe Mosenogi |
| Education | 100(1)(b)Administrator appointed by Minister of Basic Education | MEC Wendy Matsemela |
| Provincial Treasury | 100(1)(a)Directives issued by Minister of Finance | MEC Motlalepule Rosho |
| Health | 100(1)(b)Administrator appointed by Minister of Health | MEC Madoda Sambatha |
| Public Works and Roads | 100(1)(b)Administrator appointed by Minister of Public Works | MEC Oagile Saliva Molapisi |
| Social Development | 100(1)(a)Directives issued by Minister of Social Development | MEC Boitumelo Moiloa |

The new departments were promulgated by the Premier in the provincial government Gazette on 27 June 2019. In line with the rationalisation of the executive portfolios, the new configuration moved the province back in line with accepted norms for provincial departments.

These changes are set out in the table below:

| **Fifth Administration**  | **Sixth Administration**  | **Allocations of powers** |
| --- | --- | --- |
| Department of Health  | Department of Health | No changes  |
| Department of Public Works and Roads | Department of Public Works and Roads | No changes |
| Department of Community Safety and Transport Management | Department of Community Safety and Transport Management | No changes |
| Department of Education and Sports Development | Department of Education and Sports Development | The Sports function is transferred to the Department of Arts, Culture, Sports and Recreation |
| Department of Rural, Environment and Agriculture Development | Department of Agriculture and Rural Development  | The Environment function is transferred to the Department of Economic Development, Environment, Conservation and Tourism.  |
| Department of Local Government and Human Settlements | Department of Cooperative Development and Traditional Affairs | The Traditional Affairs function is transferred from the former Department of Culture, Arts and Traditional Affairs to the Department of Cooperative Governance and Traditional Affairs, under the MEC for Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) |
| Department of Local Government and Human Settlements | Department of Human Settlements | The Human Settlement function is transferred to a new department under the MEC for COGHSTA. |
| Department of Social Development | Department of Social Development | No change |
| Department of Economy and Enterprise Development | Department of Economic Development, Environment, Conservation and Tourism | The Enterprise Development function is abolished, the Tourism function is transferred from the former Tourism Department. The Environment and Conservation functions are transferred from the former Department of Rural, Environment and Agriculture Development. The department falls under the MEC for Economic Development, Environment and Tourism.  |
| Department of Finance  | Provincial Treasury | This department changes from the Department of Finance to Provincial Treasury, under the MEC for Finance. |
| Department of Culture, Arts and Traditional Affairs | Department of Arts, Culture, Sports and Recreation | The Traditional Affairs function is transferred to the Department of Cooperative Governance and Traditional Affairs. The Department of Arts, Culture, Sports and Recreation receives the Sports Development function. |
| Department of Tourism | The Department of Tourism is abolished and the Tourism function is transferred to the Department of Economic Development, Environment and Tourism.  |  |

# 3. Progress on NCOP recommendations on cross cutting issues

## A. Disciplinary MANAGEMENT

Twenty-eight senior managers faced/are facing disciplinary processes related to financial misconduct, fraud and corruption, dereliction of duty and related. The breakdown of these current cases is as follows:

(a) Office of the Premier (two – one dismissed and one sanctioned one month period without compensation). These cases are now closed

 (b) Department of Health (eight – two senior managers dismissed, including HOD)

(c) Department of Public Works and Roads (nine – CD Roads dismissed, Director Legal Services resigned)

(d) Department of Community Safety and Transport Management (four)

(e) Department of Education (five – one dismissed, Chief Director Infrastructure resigned)

The conclusion of forensic investigations by the National Treasury and the SIU is expected to result in more officials facing disciplinary processes.

## B. Criminal Proceedings

The National Prosecuting Authority (NPA) together with the Directorate for Priority Crimes Investigation (DPSI) are pursuing 51 criminal cases related to public funds in the North West:

* + **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)

The Asset Forfeiture Unit (AFU) is currently involved in efforts to recover funds in priority cases

The Special Investigating Unit (SIU) under six Presidential Proclamations is currently undertaking five investigations. These are focussed on

* Scholar transport contracts and other matters at the former Department of Public Works, Roads and Transport
* Corruption by Moretele Local Municipalities
* Corruption in Madibeng Municipality
* Various contracts entered into by the North West Development Corporation
* Corruption at the North West Department of Health.

The outcomes achieved through the SIU investigations to-date include:

* Criminal referral made to the NPA = 13
* Disciplinary referral made to the state institutions = 13
* Recommendation for organisational review made = 3
* Number of civil matters instituted in the Special Tribunal = 12
* Value of matters instituted in the Special Tribunal = R448 614 731.44

Capacity at the Mmabatho Serious Commercial Crimes Unit of the National Prosecuting Authority has recently been increased significantly increased (from three to 11 prosecutors (five on contract) to address a backlog of cases related to misappropriation of public funds.

## C. COMPLIANCE, GOOD GOVERNANCE, FINANCIAL MANAGEMENT

### C.1 Audit results

Audit results for 2019/20 mark a turnaround, with seven departments achieving unqualified audits (up from four in 2018/19). This ends a five-year period of declining audit results in the province. The Office of the Premier, Cogta and DSD all improved to unqualified status. Though three departments under section 100(1)(b) remained with qualified audits, section 100(1)(b) departments saw a reduction in the number of findings and areas of qualification. The Department of Human Settlements however received a disclaimer because of reconfiguration not being completed and the department not having a full staff complement.

The table below provides an overview of audit results over the past five years.

|  |  |
| --- | --- |
| **Key:**  |  |
| U(C) | Clean audit |
| U | Unqualified, with findings |
| Q | Qualified |
| D | Disclaimer |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Department** | **2019/20** | **2018/19** | **2017/18** | **2016/17** | **2015/16** |
| Office of the Premier | **U** | Q | Q | Q | Q |
| Health  | **Q** | Q | Q | Q | Q |
| Public Works and Roads | **Q** | Q | Q | Q | Q |
| COSATMA | **Q** | Q | Q | Q | Q |
| Education | **U** | U | U | U | U |
| Provincial Treasury | **U(C)**  | U (C) | U (C) | U (C) | U (C) |
| Economic Development, Environment, Conservation and Tourism | **U** | U | U | U | U |
| Q(Tourism) | U(Tourism)  | U(Tourism) | U(Tourism) |
| Cogta | **U** | Q | Q | Q | Q |
| Human Settlements | **D** |
| Social Development | **U** | Q | Q | U | U |
| Agriculture and Rural Development | **Q** | Q | Q | Q | U |
| Art, Culture Sports and Recreation  | **U** | U | Q | U | U |
| Total | **U = 7****Q = 4****D = 1** | U = 4Q = 8  | U4Q8 | U6Q6 | U7Q5 |

Irregular expenditure has decreased in all departments under section 100(1)(b), when measured over the past two years. The chart below provides details.

### C.2 Irregular contracts

Contracts related to outsourcing of services and project management units have been terminated under the intervention. Processes are underway to recover losses to the State. There is currently one matter in court and five criminal investigations underway into the contracts terminated under the intervention. In addition, the Special Investigations Unit (SIU) is investigating several contracts entered into by the provincial government.

### C.3 Progress on appointment of Director General and Heads of Department

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 creating conditions for the phased the withdrawal of the direct intervention under section 100(1)(b).

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 expiry of the contracts of four other Heads of Department in the near future poses a risk that needs mitigation through ensuring that the posts are filled by capable leaders through credible recruitment processes.

## D. ENABLING LEGISLATION

Sections 100(3) and 139(8) of the Constitution provides that national legislation may be enacted to regulate the processes established by these sections. Thus, section 100(3) of the Constitution provides that “national legislation may regulate the process established by this section”; whilst section 139(8) of the Constitution provides that “national legislation may regulate the implementation of this section, including the processes established by this section”.

To give effect to these constitutional prescripts and requirements, the Intergovernmental Monitoring, Support and Interventions (IMSI) Bill, has been developed and finalized. Concomitant Regulations, giving further impetus to the provision of the Bill, have also been finalized. All national governments departments, the Offices of the Premiers, the provincial departments responsible for finance, and cooperative governance, as the custodians of the invocation of sections 100 and 139 of the Constitution, have been consulted, and inputs accommodated accordingly. The consultations included with the Department of Public Service and Administration and Treasury. The Minister is being apprised on the Bill and Regulations. The Bill will be presented before the State Law Advisor to test its constitutionality, and will simultaneously be present to the Department of Performance Monitoring and Evaluation to undertake and obtain a “socio-economic impact assessment” certificate within 2020/2021 financial year.

The overall purpose of the Bill is:

1. to regulate the implementation of, and the processes provided for in section 100 and section 139 of the Constitution;
2. to provide for targeted support to provinces and municipalities in need of assistance;
3. to provide for the monitoring of provinces and municipalities as to the fulfilment of their executive obligations in terms of the Constitution or legislation;
4. to provide alternative steps to interventions to induce compliance by provinces or municipalities with their executive obligations;
5. to provide for the deployment of administrators by the intervening national executive or provincial executive; and
6. (f) to provide for matters connected therewith.

## E. EXIT STRATEGY

The intervention has made progress in a number or areas, however complex governance and administrative challenges remain. While direct intervention under section 100(1)(b) cannot be maintained indefinitely, the decision on when and how to scale back the intervention must be informed by conditions on the ground.

When the decision is made to scale back the intervention, directives under section 100(1)(a) will be issued to ensure progress and continuity on areas still needing attention. These directives together with other indicators will be monitored through a proactive system to detect and respond to challenges timeously, to prevent backsliding.

# 4. Summary Progress Reports (Including progress on NCOP recommendations)

This section provides high level summary reports on progress on departmental intervention. This section also include progress on the recommendations made by the Ad Hoc Committee of the NCOP in its legacy report at the end of the fifth parliament.

# 4.1 Summary reports from department under Section 100(1)(b)

## 4.1.1 Office of the Premier

### Reasons for intervention

* + 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 identified by the Auditor General (AG).
	+ Office of the Premier delivering services falling within the mandates of other departments.
	+ Outsourcing of core functions.

### Progress

* + 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 departments.
	+ 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.

### Priorities

* + Appointment of Director General, and key senior management positions.
	+ 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.
	+ Improve HR processes, filling of key vacant positions, stability in labour peace, coordination in planning, monitoring & evaluation

### Issues raised for follow-up in NCOP legacy report of fifth parliament

|  |  |
| --- | --- |
| **Outstanding issue** | **Department’s response** |
| Engage with the Provincial Treasury and the National Treasury on issues at NWDC. | After consultation with the Provincial Treasury, 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 recorded on a number of forensic investigations contracted by National Treasury.The IMTT has identified the need for an evaluation of the current structuring and funding of forensic investigations. This need 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 NPA / DPCI / SIU / AFU to prioritize the pursued and anticipated outcome of cases through the establishment of a legal team to investigate, prosecute and recover assets in all existing criminal cases 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 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 5 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 terminated, putting 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.Key leadership positions are in the process of being filled. This will be sustained with the development and implementation of a comprehensive ICT strategy that will address the gaps and challenges during the intervention. |
| 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. |

## 4.1.2 NW Department of Health

### Reasons for intervening

* + 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.

### Selected progress and achievements

* + Supply chain management (SCM) contracts reviewed and disciplinary processes commenced – two senior managers including HOD dismissed, four lower level officials dismissed
	+ The labour environment stabilized through agreements with 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.
	+ Service quality improvements through specific infrastructure improvements to four provincial hospitals and 14 primary health care facilities.
	+ 147 EMS vehicles (ambulances, patient transport, response and forensic vehicles deployed since intervention to insource EMS services.
	+ At end of Quarter 3 of 2021, medicine availability has been restored to an average of 80%.

### Outstanding priorities

* + 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.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

|  |  |
| --- | --- |
| **Outstanding issue** | **Department’s response** |
| 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 Specialized 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 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 12% in October 2020. |
| 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 Buthelzi. 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 |

## 4.1.3 North West Department of Education

### Reasons for intervening

* + 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.
	+ Supply chain management challenges including irregular awarding of huge contracts without going through procurement processes.
	+ Human resource management challenges including irregular appointment of inappropriately qualified personnel.
	+ Impasse with labour on the implementation of the approved organizational structure.
* Ensure full compliance with the legislative and regulatory frameworks of government.
* Fix the infrastructure school built programme, which was fraught with irregularity and abuse of Section 16 contracts from other provinces - with large sums of money lost and lack of accountability.
* Address supply chain management challenges including irregular awarding of huge contracts without going through the regulated procurement processes.
* Address human resource management challenges including irregular appointments and appointments of inappropriately qualified personnel.

### Progress and achievements

### Outstanding priorities

* + Investigation of the remaining irregular and wasteful expenditure.
	+ Implementation of the district model structure policy.
	+ Implementation of the recommendations 12 investigated procurement cases.
	+ Appoint and capacitate the risk, internal control and supply chain management units.
	+ Recruit infrastructure engineers.
	+ Improve infrastructure, planning and performance.
	+ Strengthen financial and human resource management.
	+ Fill four senior management posts.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

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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 of Integration and transformation. |

## 4.1.4 North West Department of Community Safety and Transport Management

### Reasons for intervening

* + Lack of internal controls and systems.
	+ Poor implementation of supply chain processes and financial management.
	+ Lack of proper compliance and governance monitoring.
	+ Several problematic contracts causing high levels of irregular expenditure (e.g. scholar transport, airport management companies and North West Transport Investments (NTI)).

### Selected progress and achievements

* + Revised all SCM policies. Developed a new contract management system.
	+ Established a new bid adjudication committee and introduced project specific evaluation committees.
	+ Risk management unit enhanced (the best performing unit with full compliance in all areas.)
	+ Implemented Post Audit Action Plans, trained staff to monitor compliance and detect possible IUF’s.
	+ Conducted several investigations on irregular contracts, set aside learner transport contract, cancelled SA Express contract and opted out of irregular security contract.
	+ Intervened to stop liquidation of provincial transport company – Northwest Transport Investments.

### Outstanding priorities

* + Key contracts that were cancelled due to irregularities/illegalities need to be concluded (under close supervision- before section 100(1)(b) ends).
	+ Outstanding investigations and consequence management on concluded investigations.
	+ Finalise/regularise irregular expenditure.
	+ Appoint Board and key executives at NTI.
	+ Finalise fit-for-purpose organisational structure.
	+ Clear repeat AGSA negative findings.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

|  |  |
| --- | --- |
| **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 PIA, NT (Gobodo) and AGSA. Distances and tariffs 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 |

## 4.1.5 North West Department of Public Works and Roads

### Reasons for intervening

* + The department reduced the scope of its mandate over time and deviated from its role as custodian of the asset management plan.
	+ Interference in procurement of services for unfunded mandates.
	+ Ineffective financial management.
	+ The maintenance budget for roads was consumed by unfunded mandates emanating from the Premier's Office that aggravated backlogs in road maintenance.
	+ The department lacked technical expertise in the built environment.

### Progress and achievements

* + Unblocked construction projects
	+ R1,3bn for road projects in 19/20.
	+ 109 road projects implemented under Roads Recovery Plan, creating 9 035 jobs.
	+ Graders and TLBs procured for the first time in three years.
	+ Co-ops; brick plants; community contractor and road maintenance programmes resuscitated.
	+ Criminal cases opened for crimes including fraud, and intimidation.
	+ 62 752 job opportunities created through the EPWP programme, 61 local contractors and 40 SMME’s in road maintenance projects (R 220million.)
	+ 285 positions advertised and 99 positions have been filled to date.
	+ Reviewed and improved financial governance structures and controls.

### Outstanding priorities

* + Finalize the organizational review process.
	+ Appointment of acting HOD, pending outcome of disciplinary process.
	+ Filling of critical vacancies.
	+ Finalization of Ayamah and Open Waters forensic Investigations.
	+ Finalization of all MMS and SMS disciplinary cases, including HOD.
	+ Finalise Infrastructure Delivery Management System (IDMS) protocols on building infrastructure for all departments.
	+ Finalise the assessment of all Mega Projects.
	+ Office Space and Multi-Tenancy Office Project for the provincial government.
	+ Finalise transfers of land.
	+ Sale of redundant properties.
	+ Implementation of Total Facility Management.
	+ Implementation of Information Management Systems.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

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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 implemented 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 insignificant.  |

# 4.2 Summary reports on department under section 100(1)(a)

## 4.2.1 North West Provincial Treasury

### Reasons for intervening

* + Major weaknesses in supply chain management (SCM) and in the monitoring and support of municipal finance management.
	+ 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.
	+ The Provincial Treasury itself achieved a clean audit, though demonstrated weaknesses in its fiscal oversight role.

### Progress and achievements

* + SCM framework for provincial departments and entities reviewed and adopted.
	+ Provincial Treasury SCM Unit Organizational Structure approved and of key personnel in progress.
	+ Completed competency assessment for approximately 720 SCM officials for both the MFMA and PFMA and individual competency gaps identified.
	+ NT assisted the PT to finalise a Contract Management Framework for the Province.

### Outstanding priorities

* + Condonation of irregular expenditure.
	+ Implementing the contract management project for municipalities.
	+ Undertake skills audit and upskilling of municipal Budget and Treasury Office and Provincial Treasury’s MFM unit.
	+ Filling of vacant positions within MFMA and PSCM units at Provincial Treasury.
	+ Municipal intervention – invocation and implementation of s139 of MFMA.
	+ Develop implementation plan for SCM capacity building support.
	+ Conduct budget engagements with municipalities to improve budget issues.
	+ Finalise forensic investigations and recover the state funds.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

|  |  |
| --- | --- |
| **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.  |

## 4.2.2 North West Department of Cooperative Governance and Traditional Affairs

### Reasons for intervening

* + 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.

### Progress

* + 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 affect the province.

### Outstanding priorities

* + Fit-for-purpose organisational structure.
	+ Migrate Community Development Workers from Office of Premier to Cogta.
	+ Review and implement s154 municipal support plans issued in July 2018.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

|  |  |
| --- | --- |
| **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. |
| 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. |

## 4.2.3 North West Department of Human Settlements

### Reasons for intervening

* + 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.

### Progress and achievements

* + 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.

### Outstanding priorities

* + 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.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

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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 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 |

## 4.2.4 North West Department of Social Development

### Reasons for intervening

* + Non-compliance with SCM processes.
	+ Lack of internal controls and audit findings not actioned by management.
	+ Non-compliance with Occupational Health and Safety Act.
	+ Collapse of services due to break down in labour relations.

### Progress and achievements

* + 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 challenges regarding infrastructure that face the provincial department.

### Outstanding priorities

* + Appointment of HOD.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

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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 financial a request is made to Treasury for adequate resources. |

## 4.2.5 North West Department of Agriculture and Rural Development

### Reasons for intervening

* + 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.

### Progress and achievements

* + 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 Comprehensive Agricultural Support Programmeconditional grants.
	+ Transfer of assets to beneficiaries completed.
	+ New organisational structure approved.
	+ The engineering capacity within DARD strengthened.

### Outstanding priorities

* + Appointment of HOD.
	+ Incomplete agro processing projects.
	+ Investigation and consequences management into the prior year irregular expenditure of R1 billion.
	+ Investigate double payment for building not yet transferred to DARD.
	+ 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.

### Issues raised for follow-up in NCOP legacy report of fifth parliament

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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. | Agridelight has not submitted the report to the department nor to court but to Office of the Premier. |
| The department to devise a strategy in dealing with outstanding claims emanating from contracts initiated by AgriDelight. | The department still waiting for State Attorney to appoint a Counsel |
| 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 happened. DG DALRRD is convening a meeting of DG and HODs during which these matters will be clarified |

## 4.2.6 North West Department of Tourism

### Reasons for intervening

* + 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.

### Progress and achievements

* + 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.

### Outstanding priorities

* + The national Department of Tourism is to discontinue the section 100(1)(a) intervention but continue to support the DEDECT in its additional tourism function, including areas that are not fully completed.

# PART B – DETAILED REPORTS FROM INTERVENTING DEPARTMENTS

# OFFICE OF THE PREMIER

*Section 100(1)(b) intervention, led by Department of Public Service and Administration*

## Focus of the intervention

**Auditor-General Reports**

The Auditor General (AG) had raised concerns that the NW OTP had been receiving qualified audit opinions for two consecutive years - 2015/16 and 2016/17 financial years.

The AG further raised a specific concern that, as a key monitoring and oversight department in the province, the OTP should set an example of good governance and accountability (2016/17 AG General Report: 198¹).

In addition, the AG also expressed concern that there is no consequence management to hold accounting officers, executive authorities and officials accountable.

The 2017/18 audit findings also highlighted heightened levels of regression persisting in most of the areas identified previously.

The AG also noted that the Provincial Administration’s performance had declined over the last four years.

As a result of the above, the AG had this to say, “Contrary to this and irrespective of the continued reinforcement of our messages, the overall audit outcomes of North West regressed over the last four years with only 32% of the auditees financially unqualified opinions in 2016-17 compared to 46% in 2015-16 and 62% in 2014-15 and 2013-14 (2016/17” AG General Report: 198²).

This continued poor performance pointed to an inability or unwillingness of the OTP to hold accounting officers and executive authorities accountable, thus enabling a culture of impunity.

**Rapid Diagnostic Assessment Findings**

An advance multi-disciplinary team from the Department of Planning, Monitoring and Evaluation (DPME), the Department of Public Service and Administration (DPSA) and the Office of the Public Service Commission was put in place to conduct a preliminary assessment

As a result, a comprehensive assessment report with recommendations was prepared and submitted to Cabinet on 23 May 2018.

Preliminary findings, key amongst them included the following:

(i) failure to provide effective oversight and leadership to service delivery departments;

ii) failure to effectively intervene in crises;

iii) failure to prevent breakdown of labour relations across the province;

1. lack of effective mechanisms to hold officials accountable; and

v) *de facto* outsourcing of core functions.

The team therefore recommended that the IMTT set by the President of the Republic of South Africa, should consider placing the OTP under direct administration in line with Section 100(1) (b) of the RSA’s Constitution.

The assessment team concluded that the OTP had failed to provide the administrative leadership that was required to prevent the conditions that resulted in collapse of essential services that necessitated the national government intervention.

## The intervention approach in the Office of the Premier.

An implementation protocol was developed between the Minister for Public Service and Administration and the North West Premier and was signed on 11 July 2018

This implementation protocol outlined specific intervention measures and provide the scope, methodology and approach for the intervention in respect of the OTP. Within the context of bilateral cooperation, a framework also provided for executive and administrative roles and responsibilities of the MPSA as well as support and guidance to public administration transversal matters as articulated in Section 31 of the Public Service Act,1994. It furthermore outlined and confirmed the roles and responsibilities of all parties involved, including that of the Premier, the Administrator, the DG in the Office of the Premier, the DG of DPSA, as well as the deployed intervention team.

An intervention plan was then approved as part of the signed Implementation Protocol between the MPSA and the Premier of the North West Province and Mr. S Mpanza was officially appointed on a DPSA contract as Administrator in the North West OTP on 10 July 2018, and subsequently appointed an Accounting Officer by the Executive Authority of the Provincial Treasury.

Summary of key activities to achieve Phase 1 intervention milestones based on the preliminary assessment and audit findings included amongst others the following:

* **Detailed planning and risk assessment** on the intervention to be undertaken, including: (1) undertaking and consolidating a comprehensive diagnostic assessment or root cause analysis; (2) analysis on the priority areas that have a major impact; (3) identifying the relevant role-players and (4) reassigning and redeploying officials from the province to specific tasks to support the intervention;
* **Assessment of all PMU contracts and outsourced government business** in the province, in order to (1) assess the magnitude of the outsourced core business in the NW Provincial Administration; (2) check the validity and duration of all outsourced contracts as well as to (3) develop and implement an assessment plan;
* **Immediately attend to breakdown of relations** with workers and communities in order to re-engage communities, stakeholders and workers on issues around service delivery as well as assessment of return work processes after the service delivery protests;
* **Provide frequent feedback** on the status of the OTP intervention to prevent speculation and misinformation; as well as to
* **Provide transversal support services** in order to turn around service delivery in the Provincial Administration by (1) review of the Service Delivery Improvement Plans (SDIP) in all provincial departments; (2) audit of ICT systems and governance practices in all departments; (3) reviewing, amending and facilitating approval of HR Delegations in provincial departments under section 100 (1) (b); (4) assisting departments with resolution of labour relations matters; (5) review of all departmental organisational structures; and (6) jointly with National Treasury, overseeing selected matters regarding Public Administration and Public Finance.

However, the comprehensive diagnostic assessment concluded in 2019, identified more administrative gaps, which necessitated the revision of Phase 1 and approval of the Phase 2 Intervention Plan by the Inter-Ministerial Task Team. This plan was to ensure enhancement and sustainability efforts derived from the stabilisation efforts were maintained post intervention period.

Key focus areas for the Phase 2 Intervention Plan in the Office of the Premier include the following transversal expected outcomes:

* Accelerate service delivery (War room, MTSF priorities/District model), including improvement in the coordination of monitoring, evaluation and reporting in the province;
* Fast-tracking recruitment of competent people for key leadership/management positions and fill all prioritised vacant positions;
* Fast-track criminal investigations, prosecutions and asset recovery;
* Condonation of prior year IUWF expenditure;
* Establishment of sound financial management systems;
* Implement transversal ICT projects and
* Implement transversal change management programme and the oversight role of the Office of the Premier.

## Achievements on original intervention triggers (Phase 1 Intervention Plan July 2018-July 2019)

* Re-engagements with communities, stakeholders and workers on issues around service delivery as well as assessment of return work processes after the service delivery protests has brought about relative labour stability in the province.
* 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. ICT Governance and oversight was strengthened through the activation and continuous sitting of an ICT Steering Committee. ICT activities are being closely monitored and guided by the DPSA office of the Government Chief Information Officer team. Critical infrastructure upgrades have been prioritised and key procurement activities fast tracked.
* Comprehensive diagnostic reports on the analysis of Human Resource Management, Strategic Planning and Transformation, Provincial Policy & Planning; Performance Monitoring & Evaluations; Ikatisong School of Governance; provincial anti-corruption, Ethics and Investigations; Security Management; Supply Chain Management and Government Information Office; with improvement plans on how to turn around service delivery within the OTP have been completed.
* Improved service delivery through the establishment of a War Room to manage projects to achieve quick wins and to unblock service delivery issues raised by communities. The review and analysis of the CDW Programme to ensure corrective location and functionality for immediate intervention, integrating Provincial Complaints, Compliments and Suggestion management System and Thusong Service Centres to enhance access and responsive service delivery intervention is gradually instilling trust between citizens and government.
* The management of vacancies across the Provincial Administration in institutionalising procedural government recruitment processes and providing guidance through circular on filling of posts to deal with challenges of lack of adequate information in order to determine the priority and need for posts to be filled has yielded positive outcomes in compliance to existing prescripts.
* Revision of payment processes for invoices over R200 000.00 to support enhanced accountability and transparency in the NW OTP has been successful.
* Analysis and provision of support on non-financial performance information in the Strategic Plan, Annual Performance Plan and Operational Performance Plan in terms of measurability, quality and alignment to the Service Delivery Model and the Organisational Structure.
* Analysis and provision of support of the OOP organizational structure and service delivery model for compliance to the Public Service Act, 1994 and 2016 Public Service Regulations.
* Analysis and provision of support and interpretation of Performance Management and Development System (PMDS) Policy to pay incentive rewards in departments under Section 100 (1) b. The purpose of the analysis and interpretation was to provide clarity, from a legislative, regulatory and policy perspective, on the payment of incentive bonuses to staff in an intervention environment characterised by a disjuncture between institutional and individual performance as well to facilitate all outstanding performance assessments.
* Analysis and provision of support on the implementation of Public Service Act, 1994 and 2016 Regulations Delegations, as such awareness and technical guidance was provided to develop and implement an HR Delegations Register.
* All departments now have approved organizational structures that comply with Department of Public Service and Administration policy directives. These organisational structures served as the baseline for departmental start-up structures to be in line with the macro-organizational reconfiguration as determined by the Premier.

## Overview of ongoing priorities that still need to be addressed and expected outcomes on phase 2 Intervention Plan

### Investigations into irregular contracts

* There are currently 37 investigations underway into irregular contracts entered into by the provincial government and Entities. These include four contracts with award and change of scope irregularities, all of which have been terminated. Forensic investigation team has been appointed and currently busy with analysis of flow of funds and review of documents obtained. Office of the Premier with three (3), Department of Public Works and Transport six (6) , Department of Rural, Environment and Agricultural Development (2), Department of Health (7), Department of Community Safety and Transport Management with three (3) and finally the Department of Education & Sports Development with fourteen (14).
* The intervention in the province is now in an advanced stage of implementing the second phase, with the intervention teams now fully embedded in the complex environment in which they must restore governance and service delivery. The DPSA has committed in agreement with NPA / DPCI / SIU / AFU to prioritize the pursued and anticipated outcome of these cases through funding from CARA and the establishment of a Legal team to investigate, prosecute and recover assets in all existing criminal cases in the North West Province.

### Information Communication Technology in the Province

* Information technology (IT) systems went offline daily before the intervention. The intervention team was able to stabilise the Provincial IT systems through the commissioning and installation of working power supplies in the main data center;
* An assessment of NEPO Project management Office (PMO) contract and deliverables was completed which resulted in the cancellation of the contract as well as the suspension of the Provincial Government IT officer (GITO). The work done during this assessment will form the foundation for any attempts to recover monies spent by the provincial government;
* Information and Communication Technology (ICT) budgets were reconfigured to ensure that monies destined for NEPO projects were routed toward CORE infrastructure needs such as servers and network equipment;
* 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 value;
* The Microsoft licensing contract (Enterprise Agreement) cost the province approx. R80 million over 2 years. The agreement allowed the province to deploy the latest Microsoft Software. This was never extensively done, and the software was not fully utilized, certainly not in congruence with the monies spent. The intervention was able to renegotiate this contract down to the actual required levels realizing a saving of Approximately R20 million for the third and final payment of the contract;
* 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 correct allocation of roles and responsibilities and the implementation of a pilot workforce productivity measurement reporting exercise;
* Environmental controls that monitor the critical data centers in Mafikeng were successfully upgraded. This deals with security risks that have been long highlighted in the Auditor General’s reports for the North West;
* The Provincial Administration had not been backing up critical data such as emails and documents for a number of years. This meant that institutional memory was located in individual and personal repositories and not systemically supported. A new backup system has been commissioned that now allows for the backup of all provincial critical data.

### Provincial Departmental Organisational structures

* The approval and implementation of organizational structures in support of departmental mandates have been identified as an important short term deliverable to assist with the turnaround of the functionality of NW departments under administration in terms of section 100 (1) (a) and (b) of the Constitution;
* This important deliverable has also been emphasized by the governance structures overseeing the administration process in the NW Provincial Administration, namely the Technical Task Team (TTT); the Inter Ministerial Task Team (IMTT) as well as the National Council of Provinces (NCOP);
* In preparation for handover to the sixth administration, it was deemed important that all NW departments must have approved organizational structures. The added advantage was that the approved organizational structures could serve as foundation for possible macro organizational changes that may be introduced by the sixth administration (the sixth Administration in NW did in fact introduce extensive macro-organizational changes that affected six departments and the said organizational structures were used as the foundation of the start-up structures for the affected departments);
* Nine (9 ) of the twelve (12) departments in the NW Provincial Administration operated with interim structures that were not approved and subjected to the regulated consultation arrangements with the Minister for Public Service and Administration (MPSA). Some of these interim organizational structures were irregularly in operation for as long as eight years;
* All departments were engaged to correct the identified flaws and to submit the corrected organizational structures to the Premier and the MPSA for consultation and subsequent approval. Because of the priority placed on this task, the MPSA tasked the Director-General (DG): DPSA to personally assist the Administrator with fast tracking the process to ensure that all NW Departments have approved organizational structures by the time the sixth Administration takes Office. The consultation processes with the Premier was finalised in April 2019 and on 4 October 2019, this exhaustive process was finalised when the MPSAconcurred with all 10 proposed organizational structures submitted for consultation.

### Human Resource Management

As a first step towards the turn-around of the OTP, the analysis of Human Resource Management in the OTP was conducted as a matter of urgency. This was because the human resource function within the OTP is regarded as a strategically important function to support and transform service delivery within the OTP.

The analysis, with findings and recommendations, was completed in August 2019 and a report was presented to the Administrator and Premier. Based on this interaction, it was agreed that an improvement plan be developed and implemented.

The main areas addressed in the improvement plan focused on:

* A high vacancy rate of more than 10% at SMS and below SMS level;
* The low representation of the female gender (28%) at senior management level;
* The growing age of staff in the OTP – 42% in the age category 40 to 55, with no specific plans in place to replace them when needed;
* The organizational structure was recently consulted with the MPSA, but not all matters of substance raised by the Minister were addressed. These related to the job grading of a post of DDG proposed for the Branch: Administration, as well as a number of other Senior Management positions that were characterized by very narrow spans of control, and may therefore not be justified at the levels created. There were also issues relating to fragmentation of district offices, and the placement of the Community Development Worker functions;
* The OTP developed the required planning tools such as a Service Delivery Model, Human Resource Plan and Service Delivery Improvement Plan, in alignment with the Strategic Plan, However, the Service Delivery Improvement Plan did not cover any of the Programme 1 services and there was no indication whether the HR Plan was in alignment with the Information Management Plan, the Facilities Plan or the Infrastructure Development Plan;
* At the time of the analysis, it emerged that the OTP filled 11 senior management positions without confirming their grades through the process of Job Evaluation. After the issue of the report, it further emerged that the OTP had not conducted Job Evaluation (JE) for more than 5 years, in contravention of the relevant Public Service Regulations dealing with job grading and the filling of posts;
* Posts are filled if they are vacant and funded, despite the fact that the vacancies may not be supporting the latest service delivery priorities of the OTP or that the 2016 Public Service Regulations require managers to confirm that a post is still necessary, before steps are taken to fill it;
* Of the 730 officials in the OTP, 32 were not subjected to performance management and development process during the previous assessment year, and some of them repeatedly;
* Although the approved delegations of the OTP was in line with the DPSA 2016 Framework on Delegations, it was found that no Delegations Register was developed or implemented.
* The implementation of the Improvement Plan is monitored on an ongoing basis.

To date the following achievements can be reported:

* A circular on filling of posts in the OTP to deal with challenges of lack of adequate information in order to determine the priority and need posts to be filled was issued for immediate implementation. This circular also reiterates that positions cannot be filled before their grading have been confirmed by way of JE;
* A list of the 35 highest priority posts have been compiled and approved by the Administrator and advertisements to fill 12 of these positions have been placed. One of these positions is the post of DG. The filling of the DG position is taking place under the direct supervision of the IMTT, after procedural irregularities had been identified – the job description of the position was reviewed and the job grading was not determined by way of job evaluation in compliance with the 2016 Public Service Regulations. These processes have now been completed and the recruitment process is now in the shortlisting and interview phases.;
* The OTP HR & Equity Plan is in an advanced stage of amendment, amongst other to correct gender representivity at SMS level to be in line with the national standard requirements. An important aspect that the amended HR Plan is considering, is addressing the medium to long-term position of the OTP’s aging staff. Consultation with stakeholders such as organized labour and the DPSA is currently taking place before the Plan can be submitted for approval.
* The OTP has corrected some of the issues raised by the MPSA during consultation of its 2018 organizational structure. The Premier has also decided that the Community Development Workers function must be transferred to the new Department of Cooperative Governance and Traditional Affairs. This process is now in the final phase of completion. The OTP and the Department of Cooperative Governance and Traditional Affairs (COGTA) has agreed on the ring-fencing of resources to be transferred in support of the CDW function and the matter will be finalised once the Premier has made a determination in terms of Section 3A of the Public Service Act, 1994 to transfer the function with all concomitant functions. Once this process is complete, the organizational structures of both departments will once again be reviewed to be aligned to the functional content as determined by the Premier and with the new Strategic Plan.
* Twenty five (25) posts have been subjected to JE to confirm their grading prior to filling. The OTP has a dearth of trained staff to conduct job evaluation and the 25 positions were graded with assistance from DPSA specialists. 3 staff members are currently undergoing job evaluation training to improve capacity in this regard.
* The 32 cases of ‘unresolved” performance management cases have been analysed and it was determined the reasons for their non-resolution was mostly because the incumbents either did not submit performance assessments, or submitted assessments late. These staff members were issued with written warnings to ensure that the situation does not occur again.
* An HR delegations workshop for all departments in the NW Provincial Administration to assist that all delegations are amended to be in line with the 2016 DPSA Delegations Framework. In the OTP a delegations register was developed and implemented.

### Provincial Macro Organisation of Government (PMOG)

The PMOG Programme has now been completed, albeit with a number of residual issues to be finalised, mostly HR and financial in nature. A close out report has on 30 October been presented to EXCO and the report is currently under consideration by the Premier. The following deliverables have been achieved;

* Affected departments are now functional with approved budgets in the 2020/2021 financial year.
* At the request of the Premier, Honourable Prof. J T Mokgoro, the amendment of North West provincial departments listed in schedule 2 of the Public Service Act, 1994, was effected in terms of Government Gazette No. 42669 of 30 August 2019.
* HODs for all the new departments have been designated to oversee the PMOG processes as it affected their departments.
* The affected departments in the North West Provincial Administration, mostly derive their mandates from national legislation. All applicable powers and duties related to the relevant legislation have been assigned to the affected Executive Authorities and departments as part of the PMOG process. The Premier made determinations in terms of section 3A of the Public Service Act, 1994 for the transfer of functions and resources between relinquishing and receiving departments with effect from 1 April 2020. These determinations were based on joint submissions between relinquishing and receiving departments, reflecting their concurrence with the ring-fencing of resources.
* Start-up organizational structures reflecting all agreed upon ring-fenced positions of the affected departments, have been drafted and submitted to the Premier and the MPSA. The MPSA concurred with these structures on 30 April 2020.
* The departments were requested to submit the start-up organizational structures for approval so that it can serve as the basis for further refinement, where necessary.
* Formal Memoranda of Understanding (MoUs) have been concluded between all affected parties to ensure that services continue to be delivered without interruption and that, where necessary, cooperation and collaboration will continue between affected departments until they have settled into their new functional roles.
* The North West Appropriation Act, 2019 created the votes and vote purposes for affected departments. The technical adjustments created budget votes that reflects the new and renamed departments.
* The North West Department of Public Works & Roads attended to the accommodation needs of the new Executive Authorities and their departments.
* All assets associated with the functions and staff have been identified and is currently being transferred to the asset registers of the recipient departments.
* The Office of the Premier’s Communication Unit ensured alignment between NMOG and PMOG communication activities and coordinated the branding of the new departments.
* All departments have reported to the Departmental Task Team established in terms of PSCBC Resolution 1 that matching and placement of staff based on the resources transferred in terms of the Premier's determinations in this regard has been concluded. Only the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) have identified 31 staff members in excess of operational requirements. By agreement between the DEDECT and Department of Human Settlements (DHS), 20 of these staff members will be offered employment in the DHS. The HOD of DEDECT indicated willingness to offer all 31 staff identified in excess of operational requirements employment in DHS, should they be required. This matter is currently the subject of consultation between the 2 departments.

### Service Delivery Improvement

Efforts to strengthen service delivery, monitoring and Intervention mechanisms have taken place and are summarised below:

* Establishment of a provincial War room**:** The War-room intervention led by Administrators and HoDs put in place a rapid response mechanism to address service delivery problems.
* Refocus and relocation of Community Development Worker’s Programme to the relevant department**:** A business case report based on extensive consultation with key stakeholders recommended the refocus and re-location of the CDWP back to the Provincial Cogta has been prepared. The relocation is aligned to the national standard where the Community Development Workers and Thusong Centre Programmes are currently been relocated to CoGTA with a view to streamline access mechanisms and realize intended impact of ensured quality service delivery access closer to where people live.
* Re-establishment of the Provincial Council on AIDS (PCA): A concept document has been approved by EXCO to guide the re-establishment, resourcing and governance arrangements through interim Secretariat support. The Intervention Team is facilitating and coordinating a multi-disciplinary sectors/structures comprising of Government, Civil Society with nineteen (19) provincial sectors and Business with official launching by the Premier as the Chairperson on 01 December 2019.
* Services Delivery Complaints Management System: A multi-disciplinary task team made up of Call Centre supervisors, GITO and intervention support team to strengthened governance arrangements, implementation monitoring and reporting has been established. Assessment report to determine 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 to ensure integrated sustainable implementation, monitoring (follow-up) and reporting. Draft Provincial Citizens Complaints and compliments Framework to ensure integrated and aligned implementation, monitoring, reporting and feedback.

### Management of Disciplinary Cases in the Province

* A workshop with all departments in the province on the case management system, a tracking tool and related matters was conducted on 28 and 29 September 2020. Decisions on the management system, tracking tool and associated matters are now being implemented
* A detailed status report on the status of disciplinary cases in the province was compiled in December 2019 for the Administrator, the TTT as well as the IMTT on Intervention in the North West Province. The assessment identified number of grievances lodged, misconduct cases, precautionary suspensions and appeals older than thirty (30), ninety (90), sixty (60) and thirty (30) days respectively, between the reporting period of July-September 2019;
* Continuous monitoring of these cases is to ensure that all outstanding cases as at the end of the last fourth quarter or as at 31st of March 2019 are finalised and that there is intervention where necessary in order to ensure compliance with labour relations prescripts by processing long outstanding cases;
* The status quo before the intervention was that there was limited and weak coordination of labour relations matters, in both the OTP and province-wide. That coordination has since improved by re-establishment of the Grievance, Misconduct Cases and Precautionary Suspension Task Team (GMCPSTT). This task team is led by the OTP and is comprised of Human Resource Directors and Labour Relations Units of the non-compliant departments (i.e. departments which have grievances, misconduct cases, precautionary suspensions and appeals older than thirty (30), ninety (90), sixty (60) and thirty (30) days) respectively;
* Since the intervention, thirty-one (31) managers in the provincial government, including one HOD (Public Works and Roads) are currently facing disciplinary processes related to financial misconduct, fraud and corruption and dereliction of duty. The HOD of Health has since been dismissed. The breakdown of these cases is as follows: Office of the Premier (2); Department of Health (8); Department of Public Works and Roads (12); Department of Community Safety and Transport Management (5) as well as the Department of Education (four, one dismissed). Twelve of the 31 cases were referred on 5 August 2019 for implementation of remedial action. The remaining cases are under investigation by the intervention team.

### Financial Management

* For the first time in 5 years, the OTP 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 the said matters.
* In addition to the OTP, 6 other departments also received clean audits. In the previous financial year, only 2 departments received clean audits from the Auditor-General.
* 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;
* Budgeting processes have been enhanced by constant review of the work processed by the Budget Unit in the Office of the CFO. Inputs are made into the Budget Committee terms of reference to enhance control. Budget shift processes are currently reviewed for implementation;
* A thorough business case analysis method was introduced to ensure that the most optimal option is followed when budgeting with reporting to Provincial Treasury and other stakeholders improved with no late submissions.

### Supply Chain Management

* The rapid assessment report done in 2018 indicated many areas of concern around the Supply Chain Management (SCM) function. 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 and reduction of number of transactions, which are not in line with prescripts, is continuing. 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;
* 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;
* Auditor General findings and improvement thereof through the Post Audit Action Plan is being managed as a high priority;
* As indicated, the t Office of the Premier has now attained a clean audit from the Auditor-General, with a reduced number of matters of emphasis, which are being addressed as a matter of priority. ;
* In the previous year (2018/19), the OTP had 108 findings to be resolved. Fifty seven (57) of the action plans were resolved during the year under review and outstanding action plans for 2017/18 have been 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.

### Coordination of Monitoring and Evaluation in the province

* The IMTT approved that one of the key priorities for the intervention plan must be to conduct a comprehensive diagnostic assessment of the functionality in the Office of the Premier in order to put in place a turnaround programme within specific timelines of the intervention period. One area of critical importance was the area of Performance Monitoring, Evaluation, Policy and Planning in Programme 3. This is because the OTP had, in the fifth administration, invested significantly in a performance monitoring, evaluation and intervention system by elevating this function from a Directorate to a Programme level, as such its efficiency, relevance and functionality needed to be assessed;
* The focus of the comprehensive diagnostic provided an account of the status of monitoring, evaluation and planning capacity within the two Chief Directorates of Policy & Planning, as well as Performance Monitoring and Evaluation. Secondly, the report assessed current provision of M&E and planning functionality within the Office of the Premier. Key achievements derived from the assessment were as follows:
* Established baseline functionality of the two Chief Directorates against the mandate of the OTP;
* Standard operating procedures and processes that hindered implementation were reviewed in order to guide the department’s change agenda;
* Provision of useful information that will inform improvements to all managers within the Programme and staff in the OTP, impacting on the improvement of the OTP’s oversight role;
* Systems and processes to collect, collate and analyse information that would enable the two Chief Directorates to track improvements against the baseline functionality were established as part of Improvement Plan;
* Made recommendations and provided technical support to guide the development or revision of some monitoring and evaluation policies such as the following: Provincial M&E Framework and Guidelines; Research & Evaluation Policy Framework & Guideline; MTEF Evaluation Plan; Data Collection and Analysis Tools as well as a Readiness Assessment Tool and conceptualized a proposal for a system to design, develop and implement a Provincial Early Warning System;
* As part of Phase 2 Intervention Sustainability Plan (April –August 2020) , the Intervention Team is now assisting the OTP to review and institutionalise policy frameworks and procedural guidelines that seek to promote uniformity, integration and standardisation of how the planning processes and production of plans, in line with DPME guidelines should be improved across the department and the province as a whole;

## Challenges faced by the Office of the Premier and plans to address those challenges as part of Phase 2 Intervention plan implementation from December 2019 to March 2021

| **Key focus areas** | **Challenges**  | **Priorities /Future plans to address challenges** | **Proposed delivery mechanisms**  |
| --- | --- | --- | --- |
| **Accelerate service delivery**  | -Despite interventions and efforts to bring quality services closer to where people live through strengthened Service Delivery Monitoring & Intervention with footprint at the Districts, the NWPG continued to experience serious service delivery challenges.-Implementation challenges with the Service Delivery Complaints Management System of migrating from the old Shared Point to a new Case Management system with no maintenance nor technical support as the rollout was without the involvement of the Provincial GITO.  | -The work done in Phase 1 of the intervention now need to be expanded to include all departments in the province and hence the focus on accelerating service delivery on all provincial departments will continue in Phase 2 of the intervention.- The relocation of the CDW function to provincial Department of Cooperative Government has been prioritized and is now in the final phase of completion.Strengthened implementation of the Provincial Complaints & Compliments System and Management of Protests Memorandums. -Development of governance coordination, monitoring and reporting on District Service Delivery Model and war-room approach.-Ongoing documenting, packaging and sharing of emerging lessons and good practices from s100 Interventions.- -  | Direct Intervention until 31 March 2021, thereafter normal virtual implementation and technical support |
| **Fast-track criminal investigations, prosecutions and asset recovery**  | Delayed meeting with the Law enforcement agent’s principals, intervention team and the Administrator to finalize the plan and set it in motion.Lack of integration and insufficient prioritization of criminal prosecutions and asset recovery by criminal justice stakeholders. | The work done during this assessment will form the foundation for any attempts to recover monies spent by the provincial government.Information and Communication Technology (ICT) budgets are reconfigured to ensure that monies destined for NEPO projects are routed toward core infrastructure needs such as servers and network equipment.The DPSA has committed in agreement with NPA / DPCI / SIU / AFU to prioritize finalisation of cases related to public funds. | Direct Intervention until March 2021 |
| **Fast-track priority disciplinary cases** | Non- Compliance with Prescripts and Collective Agreements. Legislative and regulatory prescripts on discipline management not being complied withThe disciplinary cases and legal cases are taking much too long to finalise. Disciplinary hearings of Officials suspended or transferred as precautionary measure not held within a month or 60 days as prescribed by Chapter 7 of the SMS HandbookLack of oversight and coordination: Limited and weak oversight and coordination of labour relations matters by the North West Office of the Premier;Lack of a mechanism for sourcing disciplinary case initiators and presiding officers: Delays in timeous conclusion of disciplinary hearings because of unavailability of presiding officers and initiators.Lack of an integrated disciplinary case management system: Poor monitoring and reporting on progress with disciplinary cases Findings from investigations not implemented, with weak engagement and coordination between the DPSA, the NW Intervention Team, SIU, the Hawks and the NPA to determine the risks associated with disciplinary proceedings, as well as the funding of investigations and disciplinary proceedingsDeliberate postponement of hearings due to Covid-19 impact | Consideration needs to be given to create a special dispensation for taking forward disciplinary cases during an intervention.The OTP has prioritised discipline management in its Phase 2 Intervention Plan as a precursor for sustainable organisational culture and a point of departure in preparation towards closure. In addition, the OTP has reopened a number of cases from across the province that were reported prior to the intervention, but had received no attention.In order to progress with this, the following projects are currently being undertaken to make sure that the target of finalising all outstanding cases are finalised by March 2021 and the following systems are fully operational by March 2021: * The NW OTP, in consultation with the DPSA is currently developing an integrated provincial discipline case management system. A workshop with all departments in the province on the case management system, a tracking tool and related matters has been conducted on 28 and 29 September 2020. Decisions on the management system, tracking tool and associated matters are now being implemented.
* This includes the establishment of a mechanism for sourcing disciplinary case initiators and presiding officers to address the current backlog;
* Ongoing engagements through weekly meetings between the DPSA, the NW Intervention Team, SIU, the Hawks and the NPA to improve management of Investigations.
* The Intervention Team has also determined the risks associated with disciplinary proceedings, as well as the funding of investigations and disciplinary proceedings; Reports on full implementation of Audit Outcomes on disciplinary cases are provided to OTP and Section 100 Intervention Team for monitoring oversight;
* Coordinating Committees are used by the Intervention Team to sensitise Accounting Officers/HOD’s to strictly adhere to legislative and regulatory prescripts relating to consequence management within the prescribed timelines. . The regular meetings of the IMTT and TTT have resumed under lockdown phase 3, 2 and 1.
* The disciplinary processes with respect to the other OOP officials involved in the Nepo transactions have been fast tracked. The first case have been concluded with a guilty verdict and a sanction of dismissal, while the second is currently in its final phase, expected to be concluded in November 2020.)
 | Direct Intervention until March 2021 |
| **Fast track recruitment for key positions** | Organized labour insisted that a moratorium on the filling of positions in the North West Provincial Administration must be in force until the matching and placement of staff emanating from the Provincial Macro Organization of Government is completed.Re-prioritization of funding.Deliberate delays to fill positions by requesting to re-advertise positions.Non-availability of JE system to grade priority positions. | The OTP has also prioritised fast tracking the filling of key positions to ensure capacity in all departments to sustain the gains from the section 100 intervention and in preparation towards closureThis project has been delayed by a request of the Premier, validated by the IMTT, that recruitment processes with respect to the DG: OOP, HODs for Health, Social Development, Agriculture and Rural Development be discontinued as a result of process flaws and restarted. The new recruitment process has been initiated under strict timeframes initiated by the IMTT and MPSA.Critical positions in the OOP and other three departments have been identified.In the OOP the post of Director-general and 30 other positions have been identified. In the 3 other departments (Health Social Development and Agriculture and Rural Development, the HOD positions have been identified.Recruitment processes are currently in the shortlisting and interview phases. An analysis of the HOD contracts indicated that 8 out of 12 contracts (including the 4 positions currently being filled), would have reached maturity by the end of April 2021. The implication is that 8 of 12 departments would be without HODs if timeous recruitment process are not implemented.Direct assistance by the DPSA with the review of Job Descriptions and evaluation of key positions such as the DG: OOP and abovementioned HODs prior to selection processes has been sourced. The reviewed Job descriptions, Job evaluation results, Selection Committees and advertisements have been concurred by the MPSA and approved by the the Premier.The 4 positions have been advertised and is now in the shortlisting and interview phase. | Direct Intervention until March 2021. |
| **Condone prior year irregular, unauthorized and F&W expenditure** | Consequence management actions are slow and time consuming  | Commenced with process of preparation of files for review. The process of checking each file in the past year is on-going.  | Direct Intervention until 31 March 2021 |
| **Establish sound financial management systems** | Constant review of files reveal control weaknesses  | Work is ongoing to tighten controls to rectify identified control weaknesses.The vacant positions of Director: Management Accounting and Senior State Accountant: Management Accounting have been identified as critical vacancies and the filling thereof is fast tracked. This process is now in the shortlisting phase | Direct Intervention until 31 March 2021 |
| **Improve and strengthen SCM Processes & AG findings through the Post Audit Action Plan (PAAP)** | In the previous year the OTP had 108 findings to be resolved during the 2018/19 financial year | The procurement plan is compiled by the various branches but is not implemented by branches as planned.The vacant position of Director: SCM has been identified as a critical vacancy and the filling thereof is fast tracked. This process is now in the shortlisting phase.An acting Director SCM has been appointed to oversee the supply chain management function in the OOP until the position is formally filled. | Direct Intervention until 31 March 2021 |
| **Implement transversal ICT projects**  | The province had not been backing up critical data such as emails and documents for a number of years. The backup Generators supplied through the Department of Public Works are still a concern.Phase 2 interventions have not been internalized by the ICT function management and are largely being ignored. The ICT function operates largely without supervision.There is a serious lack of ICT middle-managerial skills which results in delays, poor quality workmanship and a general lack of delivery particularly on Projects and change initiatives.The position of Head of ICT remains vacant.  | Completion of an ICT Audit across all provincial departments.Appoint a provincial ICT Steering Committee Chairperson and oversee the handover.Standardise ICT Governance structures and practices across provincial Departments.Develop a new ICT model that defines roles and responsibilities for ICT service delivery individually within departments and transversally. Strengthen the relationship between the province and the State IT Agency (SITA), amongst other through the migration of mandatory services to SITA. | Direct Intervention until 31 March 2021 |
| **Human Resource Management** | Insufficient knowledge of the 2016 Public Service Regulations.• Insufficient organizational design capacity• Insufficient job evaluation skills and capacityWeak relationships and interaction between the internal Human Resource Management Unit (Programme 1 and the Core Function Strategic Human Resource Management Unit (Programme 2) with the result that available skills and resources are not optimally utilized to the benefit of the Office of the Premier. | Improvement plan be developed, implemented and monitoredThe OOP Human Resource Plan has been amended to include addressing the unresolved human resource management challenges identified by the Intervention Team. The HR Plan is currently under consideration for approval by the acting DG and Premier.This includes the identification and provisioning of additional organizational design and job evaluation capacityBuild capacity and knowledge in relation in critical HR functional areas such as labour relations and organizational design, job evaluation ito the 2016 Public Service Regulations.Develop and implement a strategy aimed at strengthening the OOP’s role as employer representative leadership role in labour relations, to improve the relationship and interaction between employer and employee representative organisations and to fast-track decision-making aimed at resolving labour relations challenges.Introduce a tracking mechanism of all HR related issues requiring decisions to ensure fast-tracked decisions.Monitor the HR Improvement Plan | Directives and normal support |
| **General Non-compliance with PSA prescripts** | Inadequate knowledge of the Public Service Act, 1994 and 2016 Public Service Regulations. Unwillingness by principals to accept policy change if such policy change set tighter internal and cost controlsSlow responses from some DPSA Specialist Units especially where policy advice may require legal clarification | Ongoing training, mentorship and induction session for the Premier and new MECs appointed under the auspices of the 6th Administration, with specific reference to General Non-compliance with PSA and Treasury prescripts, including delegated responsibilities between HOD’s and Executive AuthoritiesReview and improve Administrative delegations of decision-makers.EAs to provide reports of delineation of decision rights in terms of the PSA and PSR between themselves and their HODs to implement 6th Administration strategic objectivesStrengthen relationships between DPSA and Office of the Premier through partnership arrangements. A good example is the collaborative approach currently followed between the Intervention Team and the DPSA Branch Administration to facilitate the filling of the DG: OOP and HOD positions for Health, Social Development and Agriculture and Rural Development, following the IMTT resolution that the process must be restarted to be compliant with all prescripts in this regard. | Directives and Normal Support |
| **Approved Departmental Organisational structures** | Time-consuming process that required consultation with stakeholders at different levels, ranging from internal stakeholders to the Premier and the MPSA.Funding constraints.Insufficient Organisational Development (OD) and Job Evaluation (JE) related skills in departments to contribute to a fast-tracked process.Turnover of decision-makers such as Heads of Department (HODs) and Members of the Executive Council (MECs), requiring that consultation processes within departments were delayed.Uncooperative decision-makers who were in some cases not supportive of the Section 100 intervention, or who were unwilling to compromise with a trade-off between the “ideal” organizational structure and an affordable structure. | The approval and implementation of organizational structures in support of departmental mandates have been identified as an important short term deliverable to assist with the turnaround of the functionality of NW departments under administration in terms of section 100 (1) (a) and (b) of the Constitution. The review of organizational structures to align to 6th Administration strategic objectives has begun and departments are in different stages of progress. Departments who have been affected by the Provincial Macro organisation of State Programme, as well as the OOP are in an advanced stage of refining the start-up organizational structures. A 2 day workshop for each department with national department officials representing their functional area and DPSA specialists present to be held. Descriptions, Jobs evaluated and advertised.Concurrence by the Minister for Public Service & Administration  | Directives and Normal Support |
| **Provincial Macro Organisation of Government (PMOG)** | The PMOG process suffered a number of challenges that contributed to delays:• The process to list departments in terms of Schedule 2 of the Public Service Act took longer than planned – delays in the Presidency• Negotiations to agree on the contents of Resolution 1 0f 2019 took longer than expected and delayed consultation with staff.• The North West Provincial Administration in the past did not manage previous macro organizational changes in accordance with the prevailing legislative framework and DPSA framework; and some executive managers resisted following the correct approach. The Provincial Treasury erroneously created budget votes and transferred financial resources in contradiction of the Treasury and Public Service Regulations (before a determination by the Premier), creating unrealistic and incorrect expectations by some Executive Managers and staff. This lead to substantial delays and complications in consultation with affected parties. | The PMOG Project was effectively concluded on 31 March 2020, albeit with a number of residual issues to be finalised, mostly HR and financial in nature. Affected departments will be functional with approved budgets in the 2020/2021 financial year.Provide assistance with the finalisation of residual issues such as the matching and placement of staff identified in excess of operational requirements, the registration of the Department of Human Settlements on PERSAL, as well as the transfer of resources (including finances) to the affected departments.  | Direct intervention  |
| **Effective Coordination of Monitoring and Evaluation in the province** | Minimal focus on the mandate of the Office of the Premier to give effect to the development and implementation of a rigorous and sustainable M&E System;Non alignment of key approved planning documents (Organisational Structure; Service Delivery Model, Strategic Plan, APP, Operational Plan) to functional decomposition of the two sub-programmesLack of adequate capacity within the two Chief Directorates to achieve set targets in Strategic and Annual Operational Plans as identified by AG over a period of time The three year audit trends (13/14: 14/15:15/16 and 2017/18) has indicated continued material findings on non-compliance with specific requirements in key applicable Legislations such as the Public Service Act. This related to lack of effective internal controls requiring improvements in the Operations, Reporting and compliance with the applicable legislative frameworks raised from previous audits within the context; mandate and responsibilities of the OTP. Serious considerations required in Strengthening follow-up on Post Audit Action Plan. Audits of the usefulness and reliability of the Performance Information raised serious challenges; opinion ranging from unqualified to disclaimer for Programme 3No “Early Warning system” to alert departments on areas of weak performance, potential problems and where remedial action is required. This could have averted failures in service delivery across the province that triggered the invocation of Section 100 (1) b in five of the provincial departments, inclusive of OTP as well as Section 100 (1)(a) in another five of the departments in the province  | Review of all M&E frameworks for alignment with the sixth administration priorities, MTSF and provincial priorities coupled with a measurable and tangible implementation plan over the medium term expenditure frameworkContinuous training and development Provision of series of tools for M&E and compliance to Public Administration legislative requirements ;Improve the monitoring of non-financial Performance Information Facilitate the development and implementation of early warning system.Institutionalise the monitoring of the Post Audit Action Plan.Facilitate the design of a Provincial Early Warning SystemThe vacant position of Director: Research and Evaluation has been identified as a critical vacancy and the filling thereof is fast tracked. This process is now in the shortlisting phase. | Normal Support |
| **Implement transversal change management programme** | Work has not started on this focus area as yet as it is dependent on the results of the abovementioned areas as well as the securing of funding. | Efforts to secure funding to implement transversal change management programme across the province  | Direct Intervention |

## Assessment of current intervention approach

A lot has been learnt from invocation of Section 100(1)(b) in the OTP, North West Province; hence, a wealth of knowledge was gained from the experience. Assessment of the intervention and lessons that were learnt include, amongst others, the following:

1. The current intervention takes place in the absence of a dedicated legal framework for intervention. Such a framework is needed to standardise and simplify initiating and implementing an intervention. This should cover the categories of intervention and the high-level methodology to be applied for each category of intervention. As part of the methodology it should be clear that interventions require a multi-disciplinary approach with a team comprising of –
* Strong leadership and experience
* Skills of intervention team needs to reflect the full spectrum of functions in the DPSA mandate to enable effective diagnosis and correct identification of triggers of intervention.
* Augmented capacity by way of by contract staff to address areas of skills that may be insufficient in DPSA full time staff.
* Prioritised back office support by national departments participating in Intervention.
1. Need for leadership, champions and drivers of change*.* The Section 100 intervention process need a strong administrative and political interface, coupled with a strong change-management dimension. As such, it requires political buy-in and ethical public servants to make the North West government, particularly the Office of the Premier accountable to its citizens. Section 100 (1) (b) undoubtedly requires fundamental top-level commitment. Specific types of institutional and organizational changes are required differed during the stabilisation phase in order to transition to representative and legitimate governance, and stabilization of governance.

There is a need for high-level governance to oversee interventions in an integrated manner:

* + Political oversight – clarify the leadership and participating role-players
	+ Technical oversight – to act as link between political oversight and the Intervention Teams.
	+ MOU and protocols should be standardized and enforced to clarify the scope of intervention and the political and executive roles of national and provincial stakeholders

Interventions require a projectised approach that provides for:

* + Rapid assessment – standardized assessment, entry into departments, management/ leadership roles defined,
	+ Stabilization – diagnostic and short term management of low hanging fruits,
	+ Improvement – manage the implementation of solutions for identified challenges in terms of a dedicated improvement plan. An integrated approach is required, both in terms of cooperation with subject departments and managing the linkages between different functions,
	+ Sustainability – hand-over to intervention departments and to monitor that improvements are sustained and that departments do not revert to the pre-intervention status quo.

**Capacity**:The Intervention process requires capacity at different levels: individual, organisational and institutional covering the whole spectrum of provincial systems, and an enabling environment. The readiness of the OTP from a skills, capacity and organizational culture perspective to resume authority for operations is hampered by a dearth of skills and capacity with respect to OD, JE M&E, Financial Administration, SCM, ICT and Labour Relations. Sustained post-intervention strategies should ensure the following, that:-

* The necessary internal controls are entrenched to ensure that improvements implemented would not relapse.
* Assurance that strict compliance to prevailing legislation on disciplinary and criminal prosecution processes are adhered to and followed through to conclusion without unnecessary delays.
* There should be regularized oversight systems and processes in place in the OTP to ensure validated reporting that the turnaround of operations in the OTP is sustained;
* The DPSA should be geared up and ready to monitor and evaluate that the turnaround of the NW is sustained.
* There has not been sufficient focus on the establishment of internal controls to ensure that the issues that gave rise to the intervention do not recur.
* The intervention has done well to minimise irregular and wasteful expenditure. This has largely been achieved through direct intervention by Intervention/Administration officials and not through institutional processes.
* A programme of rapid development and deployment of strong internal controls across all areas must be adopted before the intervention can be concluded
* The lack of relevant ICT skills in the OTP has hampered even the stabilisation efforts. Officials are not able to operate at the level that they have been appointed resulting in competent officials being overly relied on and subsequently being frustrated into “giving up”. The entire SMS component of the ICT function needs capacitation and hand holding in order to prevent the ICT failures prior to intervention. This has been further frustrated by the slow progress of disciplinary cases.
* The intervention plan phase 2 project progress has been slow. This is largely due to the lack of ICT skills at the management layer of the ICT Function. Managers are unable to lead specific projects and follow through to completion. It is therefore unlikely that the Phase 2 projects will be successfully delivered by August 2020 and support of l specialists must be sought to bolster the efforts in the ICT space.
1. Solutions to respond to **service delivery issues** were not adequately tailored and aligned to the approved Service Delivery Model—at least in the 2017/18 financial years—to the types of tasks and functions that the NW government wanted to perform in order to achieve the provincial priorities.
2. Engagements with a number of Public Servants in the Office of the Premier and other government officials of provincial departments indicated that invocation of Section 100 (1) (a) and (b) as a reform initiative was not **understood in that context**. The objectives and principles were often confused because of its different perspectives in the public service reform process, and that it could assist in helping public service **restore its culture** after service delivery protests.
3. The IMTT and responsible Ministers had recruited and deployed both contract and permanent personnel who could implement and make progress toward a more stable system of governance. The most urgent and the immediate tasks defined and approved in the Intervention Plan was essentially to deal with the triggers of the Intervention as well as the types of administrative capacity that the provincial government needed to carry them out;
4. Whilst implementing the Intervention Plan, it must be understood that the pathways to stabilising the environment was likely to be divergent. Thus, certain urgent functions had to be prioritised whilst others had to be delayed/dropped
5. Provincial government officials to embrace **transparency** as a way to bring **accountability** is key for the Intervention
6. Lessons has shown that such an effort requires time, energy, political will, organizational commitment of both financial and human resources and not interference;
7. Like any other governance function, Section 100 (1) (b) requires continuous attention, monitoring and support. Hence, there is a need to recognize the importance of positioning it within a broader administrative and political **context to launch and sustain it**
8. As Section 100 Intervention is intended to support provincial government reform efforts, its success depend on the acceptance and performance of the provincial public servants, and in particular, its impact will depend on how much the province invests in it as part of the **development agenda of the country;**
9. Efficient and effective Intervention logistics should be a high priority and must provide for:
	* Sufficient budget to support the effective functioning of each intervention team. The budget must provide for travel, accommodation, security, tools of trade, training, goods and services, as well as contracting of additional capacity, where needed.
	* Appropriately skilled staff – consideration should be directed at creating a more permanent and sustainable provision for this purpose in the DPSA.
	* Suitable office space should be provided within the department/s under intervention – secure, conducive to integrated support to the Administrator and MPSA.
	* Suitable ICT connectivity must be provided – efficient, effective and secure.
	* Records management of intervention matters is a high priority in order to support lessons learnt and accountability.
	* Intervention Team must not be dependent on resources from the subject department.
	* Cost of intervention should be recouped from subject departments to ensure that Intervention Teams are not just utilized as extra departmental capacity and to serve as a lesson not to revert back to bad habits.
	* Secure accommodation is important, preferably with Intervention Team/s accommodated as a unit.
	* Security and protection should be provided based on external security risk assessment.
10. Senior and Executive Managers often downplay the seriousness of the impact of the invocation of Section 100 (1) b, especially those who may be implicated to the challenges identified. This is in line with the previous poor responses to and non-implementation of the Auditor-General (AG) findings and recommendations. Appropriate responses to the AG findings and recommendations may have negated the need for Section 100 (1) b intervention in the Office of the Premier;
11. The Intervention Plan based on the rapid assessment without detailed root cause analysis present serious implementation challenges;
12. Inaccurate mandate translation and service typology identification may cause departments to stray into service delivery terrains that are the legal responsibility of other departments. This practice contributes to unwarranted extra costs and minimised attention to own strategic objectives;
13. Lack of information on investigations by stakeholders in the Criminal Justice System contribute to incomplete planning, insufficient implementation of the Intervention Plan as well as a lack of informed reporting;
14. Continued neglect and/or poor implementation of internal controls in compliance to the applicable legislative prescripts, non-implementation and/or wrong interpretation of conditions of service/ PSCBC agreement leads to inefficiencies, low staff morale, unethical behaviour with negative impact and ultimate dissatisfaction for both the staff and citizens;
15. Strengthened and appropriate communication strategy is critical to ensure both public servants and citizen satisfaction on the work and role of government in the quest to “Move South Africa Forward”.

## Recommendations

**In terms of Section 100 (2) (c) of the RSA Constitution, 1996:** “If the national executive intervenes in a province in terms of sub-section (1) (b)- : The National Council of Provinces must, while the intervention continues, review the intervention regularly and may make any appropriate recommendations to the national executive”;

It is therefore recommended that -

* The intervention continue under the current dispensation until the National Council of Provinces have reviewed that all prioritised targets have been met (by end of March 2021) and have made recommendations to the national executive pertaining to the conclusion of the intervention;
* The DPSA continues to provide normal support to the province through Directives and implementation support as this has been one of its key delivery support mechanisms in departments and provinces;
* Direct intervention on fast-tracking criminal investigations, prosecutions and asset recovery to be done through a partnership arrangement between the MPSA and the Premier post-intervention for all outstanding matters to recover monies irregularly spent or wasted by the provincial government departments or individuals.

# NORTH WEST DEPARTMENT OF HEALTH

*Section 100(1)(b) intervention, led by National Department of Health*

## Focus of the intervention

### Issues pertaining to the service delivery environment in May 2018

Strike action by labour unions in the North West Province from 26 February 2018 to 21 May 2018 negatively affected health care service delivery in the province. Facilities in Ngaka Modiri Molema and Dr Kenneth Kaunda districts were affected while conditions were stable in most facilities in Dr Ruth Segomotsi Mompati and Bojanala districts. In an attempt to resolve the standoff between the North West Department of Health (NWDoH) and the labour unions, the Director General of the National Department of Health (NDoH) called a meeting with NEHAWU, civil society and the NWDoH on 15 April 2018. This meeting did not materialize since NEHAWU informed NDoH that they will be intensifying the mass action. Cabinet on 25 April 2018 approved that the NWDoH be supported through a Section 100 (1) (b) intervention. The Minister of Health therefore appointed an intervention team to assist the province to develop and implement an intervention plan.

The points below provide a picture of the challenges faced by the Section 100 (1) (b) Intervention Team on commencing the intervention in May 2018.

Agency nurses were afraid for their safety and did not agree to be contracted over this period. To ensure continuation of priority services the NWDoH staff and management instituted the following measures:

* At Klerksdorp-Tshepong Hospital, hospital staff were entering the hospital premises from as early 04:00 in the morning to avoid barricades at entrance roads and gates
* Transport were arranged for staff on duty to be picked up at their homes in the early hours of the morning
* A private ambulance service helicopter was used to airlift staff to Tshepong Hospital in Klerksdorp
* Some Professional Nurses and Doctors from PHC facilities that were closed assisted in hospitals.
* On-site accommodation (nurses’ residence) was arranged for staff that were prepared to sleep-in.
* Clinical staff were sensitized to limit admissions to very ill patients and to discharged active patients
* Management from district and sub-district offices assisted with service delivery at hospitals
* Food services staff in hospitals prepared food early in the morning and distributed to patients before the daily disruptions started
* Hospital management made sure that the maternity, intensive care unit, pre- natal and renal units were always operational
* Private ambulance services were used in areas where needed
* In Ngaka Modiri Molema District, stable chronic patients were provided with 2 to 3 months’ medication. Lehurutse and Mahikeng hospitals became additional pick up points for chronic medication.
* The South African Military Health Service assisted with service delivery at Mahikeng Provincial Hospital and guarded the Mmabatho Medical Stores (MMS).
* SAPS were requested to assist with securing the safety of staff, patients and buildings
* District pharmacy staff came to collect medicines from the MMS
* SAPS escorted medicine delivery trucks to the different districts
* Pharmaceutical suppliers were requested to do direct deliveries to hospitals in the districts.
* Arrangements were made with Gauteng, Northern Cape and Free State provinces to transfer patients when needed.
	+ The NWDoH services in the two affected districts resumed full operation on 21 May 2018. However, unrest continued in Tswaing Sub-District on 21 May 2018. On 23 May 2018, a service delivery protest broke out in Koster which affected Koster Hospital. The affected areas were the outpatient department and the kitchen while inpatient services continued. This service disruption was due to blocked roads preventing staff from reaching the hospital and was not related to the labour union strike. On this day the police secured the hospital to prevent direct disruption of services. On the matter of the impact of unrest to the human rights of patients and non-striking staff of all health facilities in the North West Province, the following:

Actions described in above limited the impact on patients. The period of the strike however resulted in severe emotional strain on the non-striking workers.

It should be noted that the labour organisations’ grievances were found to be valid and related to severe weaknesses in the NWDoH specifically relating to issues of governance and leadership, human resource management, finance management, supply chain management, service delivery and infrastructure. In light of the complexity and extensive span of these weaknesses, as well as the weak capacity found in management of the NWDoH in May 2018, it has not been possible to address these totally over the past 28 months.

### Issues identified during the rapid diagnostic assessment in May 2018

The intervention began with a diagnostic assessment and the key findings on the North West Department of Health (NWDoH) were as follows:

#### Labour Relations and Consequence Management

* There was a breakdown in labour peace in the NWDoH that was impacting negatively on the delivery of services.
* A huge backlog (up to 2 years) in completing staff grievances (back to 2016) existed.
* The labour relations unit was and still is poorly staffed and the head of the unit was perceived as being obstructive with a concomitant poor relationship between him and supervisors.
* There was and still is multiple and continued transgressions of fraud, corruption, misconduct and dereliction of duties.

#### Human Resources Management

* There was a high vacancy rate
	+ Posts that became vacant were not filled for the past four years which brought the overall vacancy rate at the time to 20% in general and 30% for managerial level.
	+ A total of 734 employees were in acting positions
	+ There were a total of 657 contract positions
* Staff members were dissatisfied with the manner in which the Performance Management and Development System (PMDS) were implemented.
	+ There were backlogs from the 2015/16 financial year.
	+ The PMDS Policy in the department at the time was not consistent with the principles of audi alteram partem rule[[5]](#footnote-6) and Labour Court judgement on payment of performance bonuses.
* The NWDoH Organisational Structure was approved in 2007 and was therefore not in line with the growing mandate of the department.
* There was poor occupational health and safety (OHS) practices within the department.
* There was dissatisfaction over the contracts of Community Health Workers.
* PSCBC grade progression for non OSD employees was not implemented.
* There was non-payment of overtime exceeding 30% of normal work-time

#### Finance and Supply Chain Management

* There had been substantial increases year on year of accruals resulting in an accrual of R992m at the end of the 2017/18 financial year.
* Irregular expenditure was associated with lack of records mainly related to infrastructure projects linked to five hospitals.
* Supply chain regulations were frequently violated or circumvented by outsourcing the procurement function to third parties, thus rendering the relevant officials in the department ineffective.
* Key service contracts (security, doctors’ accommodation, pharmaceutical deliveries, maintenance of medical gas reticulation) were expired or about to expire, while the waste management contract was declared invalid by the Court. These services could not be stopped and thus in the time of the Section 100 (1)(b) Administration, increased the amount of irregular expenditure incurred by the NWDoH.
* The department was failing to effectively manage their contracts including outsourced services, with significant increase in allocations for outsourced services. Major contracts, such as Mediosa and Buthelezi, were already being scrutinised by the Office of the Chief Procurement Officer.

#### Service Delivery

* Non-availability of essential equipment in Primary Health Care Facilities and Hospitals.
* Poor records management (administrative and patient)
* Medicine and medical consumables availability were under pressure with stock outs occurring.
* Defective physical infrastructure of health facilities and office accommodation.
* There was and is a dilapidated system for medical gases in some hospitals
* Deteriorating of services in Mafikeng Provincial Hospital
* Shortage of ambulances
	+ There was insufficient and poor skilled staff to operate functional Emergency Medical Services (EMS) vehicles.
	+ EMS and Planned Patient Transport (PPT) vehicles were not in a good condition and ambulances were poorly equipped.
	+ The department also had some non-operational EMS and PPT vehicles due to high mileage, accidents and breakdowns
	+ There was poor coordination of PPT.
* Security Services were being provided to the institutions of the NWDoH against an expired contract. Security companies were not paid for months and the district offices responsible for payments could not provide reasons for non-payment. On one occasion, this led to security staff who were not paid by their companies walking off site, followed by threats from nursing and medical staff to do the same, since they felt unsafe at health facilities without security guards.

#### ICT infrastructure

The information communication technology (ICT) infrastructure was and still is outdated

#### Governance and Leadership

* Lack of clarity with regard to HR delegations
* A number a technical positions reporting directly to the MEC, leading to role conflict and problems with performance management
* Lack of clarity with regard to risk identification and management

### New issues that emerged following intervention

* Underfunding makes it very difficult for the department to fulfil its mandate - Leads to inability to have suitable post structure, and thus hampers the department’s ability to be as responsive as required in delivering a comprehensive health service.
* SCM irregularities are worse and more in number than expected through the initial assessment (numerous expired contracts linked to key services, flouting regulations, unsuitable staff, hiding incapacity).
* Corruption is found to be pervasive throughout the department and at all levels and not just at senior level.
* HR good practice is flouted. Belief of entitlement to posts thus initiating grievances about the filling of posts, entitlement to acting in higher levels such that for many staff members it has become an expected way of complementing their salary.
* The “whistle blowers” are found to have their own undesirable agenda, for example irregular meddling in procurement and appointments.
* Attempted extortion and harassment by community members posing as service providers. What makes this worse is that these harassers are encouraged, sometimes led and aided by public figures (board members and ward counsellors).
* Health facility infrastructure is worse than initially assessed.
* Additional disease burden brought on by COVID-19.

### Intervention approach

#### Protocol Agreement between the Minister of Health and the MEC of Health

* A Protocol Agreement was signed between the Minister of Health and the MEC of Health in which the parties agreed and undertook to act in common pursuit of the aims and objectives of the protocol that would have been implemented by co-operating with one another in mutual trust and good faith by:
* Assisting and supporting one another;
* Informing one another of and consulting one another on new developments that might prevail;
* Adhering to agreed procedures and plans and;
* Implementing the plans of the intervention.
* *The roles and responsibilities of the Minister of Health as in the agreement:*
* The Minister acted in terms of the mandate derived from Cabinet on 25 April 2018 in terms of the Section 100 (1)(b) of the Constitution.
* The Minister as contemplated in Section 100(1)(b) of the Constitution should have ensured that the obligations provided by law to the NWDoH to deliver access to health care, is fulfilled in as far as available resources allow.
* *The roles and responsibilities of the MEC as in the agreement:*
	+ The MEC should support and assist to implement the actions, decisions and steps under the intervention as issued by the Minister.
* The roles and responsibilities of NWDoH as in the agreement:
* The staff of the NWDoH should support the Administrator in the implementation of the intervention
* The staff of the NWDoH should support and assist within the mandate of the Minister to implemented the directives
* The staff of the NWDoH should supplement the Section 100(1)(b) workplan with their individual departmental workplans where required.

#### Recommendations to Cabinet in May 2018

The intervention began with a diagnostic assessment that was conducted by investigating the root causes of issues in the NWDoH. Based on the issues identified, the Intervention Team developed a set of required interventions, which were elaborated into key activities, outputs, time frames and responsible stakeholders. These interventions, were categorised into:

* *Immediate interventions* to be implemented within 7-days which included concrete actions focusing on provisioning of alternative means of caring for patients while the impasse was going to be resolved; resolution of the labour impasse and enhanced communication to staff, community and civil society by the health sector.
* *Short term interventions* to be carried out over a period of 6 months which entailed actions focused on:
	+ Ensuring payment to service providers with 30 days
	+ Resolving outstanding payments to suppliers
	+ Costing health services to quantify the funding gap
	+ Developing and implementing the NWDoH governance framework.
	+ Investigating all contracts and addressing irregularities
	+ Reviewing and updating HR Plans
	+ Configuration of the North West health service platform
	+ Addressing issues in relation to the Performance Management and Development System (PMDS) and Occupation Specific Dispensation (OSD)
	+ Filling of critical clinical, management and operational posts
	+ Improving governance and community participation
	+ Completing and implementing facility maintenance plan
	+ Developing a strategy for improved records management
	+ Developing the Pharmaceuticals distribution model
	+ Standardizing Emergency Medical and Rescue Services (EMRS) Services
	+ Improving communication with all stakeholders.
* *Medium term interventions* which should be implemented over a period of 1 – 3 years. Medium-term interventions consisted of the following concrete actions:
* Increased delegations to district managers (depending on capacity) for supply chain management
* Increased delegations to district managers (depending on capacity) for human resource management
* Addressed problems with hotel services (laundry, catering, cleaning, grounds services)
* Filled critical clinical, management and operational posts
* Develop and implemented an equipment procurement plan

#### How the Intervention Team was resourced.

The Minister of Health assigned a team of seven (7) experts including the Administrator, from the National Department of Health (NDoH) in the areas of Labour Relations, Human Resources Management, Pharmaceutical Services, Hospital Services, Primary Health Care Services and Financial Services. Subsequent support team members were assigned in the field of Supply Chain Management (SCM) and Labour Relations. The team was also beefed up by experts from health sector organisations, like Aurum Institute, Clinton Health Foundation, CSIR and Health Systems Trust.

#### Key actions taken at outset of the intervention

The Intervention Team strived for sustainability through problem diagnosis, planning and implementing, recording of interventions and continuous communication with NWDoH managers and staff, through existing governance structures. Subsequently, the Intervention Team took a multipronged approach attending to weaknesses in six key areas namely:

1. Labour Relations and Consequence management
2. Human Resources Management
3. Finance and Supply Chain Management
4. Service Delivery:
	* 1. Availability of medicine and surgical sundries
		2. Availability of essential equipment
		3. Records Management
		4. Emergency Medical Services and Planned Patient Transport (PPT)
		5. Resuscitation of services in Mafikeng Provincial Hospital
		6. Infrastructure
		7. Security Services
5. ICT Infrastructure
6. Governance and Leadership

## Progress to date in addressing triggers and new issues

### Labour relations and consequence management

The labour environment was stabilized through agreements with staff reached through their organised labour representatives, implementation of these agreements and the re-establishment of the Provincial Bargaining Chamber.

To deal with the backlog in grievances and disciplinary cases an improved organogram was submitted for the Labour Relations Unit as part of the overall departmental organogram redesign that was approved in October 2019. In order to avoid a delay in tackling the backlog, a unit head was appointed on contract and retired investigators were appointed on contract while posts are being advertised and filled. To further strengthen the labour relations unit, four deputy director posts were advertised and interviews took place in May 2020. The department went through the verification process and appointments will take place soon.

Suspicious SCM contracts were reviewed and disciplinary processes commenced where relevant.

The process of consequence management commenced including against the Head of Department (HOD), who was dismissed on 13 January 2020. Other disciplinary cases continue. The disciplinary hearing for a Director in the Infrastructure Unit, was finalized and the employee was dismissed. The disciplinary hearings of the four employees who were intimidating other officials in the provincial office is underway and the department is awaiting the decision from the chairperson. A police case was also opened against these four employees

A reporting system was designed and implemented that will also track progress with the reduction of backlogs.

### Human Resources Management

#### Vacancy Rate

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.

 In spite of these appointments the overall vacancy rate reduced only 3.3%. From 20% in 2018 to 18% by April 2020 and 16.7% at the end of August 2020. This slow decrease in the vacancy rate is because of resignations, transfers, deaths and retirements. If vacant posts were not filled as described above, these resignations, transfers, retirements and deaths would have further exacerbated tensions due to the shortage of staff. The slow improvement in the vacancy rate is also due to the fact that NWDoH’s own staff have been promoted into higher level vacancies (leading to improved staff morale) and the fact that additional posts (required for newly refurbished facilities and facilities that extended operating hours to 24 hours per day) have been added to the newly approved organogram (larger denominator).

The vacancy rate with regard to senior management posts had reduced from 30% in May 2018 to 27,3% by the end of August 2020. The process of filling key vacant posts continues.

#### Performance Management and Development System (PMDS)

The PMDS policy was reviewed to ensure good practice in line with DPSA directives.

The backlog assessments from 2015/16 were completed and relevant incentives were awarded to employees. The performance agreements of all senior managers were reviewed. PMDS assessments and payment of rewards have been concluded up to 2017/18 with a few remaining backlogs that are being addressed. Assessments and moderation for 2018/19 cycle was concluded and payments are currently being processed.

#### Organizational Structure

The organisational structure of the department was reviewed through benchmarking and consultation and approved by the Minister of Public Service Administration in October 2019 by. This has facilitated the recruitment of senior managers for key units in the departments that were previously directionless. This newly approved organisational structure is however limited by the prescript that it should fit with the existing compensation of employment budget. An ideal structure is in the process of being completed and costed.

#### Grade Progression

The PSCBC grade progression for non-occupational specific dispensation (OSD) employees was implemented in line with prescripts as this was a previously neglected and contested area.

### Finance and Supply Chain Management (SCM)

The successful clearing of accruals was achieved through the development and implementation of an accrual strategy. An invoice verification team from NDoH assisted in this regard. Accruals for the 2017/18 financial year were paid (96%) and there was no growth in accruals for 2018/19. There is an increase in accruals at the end of 2019/20 because of understatement of accruals in prior years. An example in point is pharmaceutical services invoices dating back to 2016 that were discovered in drawers in July 2019.

The department started the implementation of an automated invoice tracking system to assist with payments within 30 days.

The contract management process was reviewed, disciplinary action commenced and criminal cases were opened where required.

The department is collaborating with National Treasury to implement an automated contract management system. A deputy director posts with responsibilities for contract management was advertised and will be filled soon.

### Service Delivery

The Administration, while effecting systems improvements in the six focus areas, also ensured that daily operations continue, such that the NWDoH could live up to its core mandate of providing health services to the NW communities. In the 2018/19 financial year the department enabled 7 448 604 visits to primary health care (PHC) facilities and 1 305 491 visits to hospitals. In 2019/20, the department facilitated 7 718 072 visits to PHC facilities and 1 260 047 to hospitals. As from April 2020 until the end of July 2020, the department facilitated 2 068 840 PHC visits and 364 031 hospital visits. With the Section 100 (1) (b) Administrator at the helm of the department (The department does not have an HoD since the HoD was on precautionary suspension undergoing a disciplinary process for most of 2018 and 2019 and was dismissed in January 2020), the department has thus was successfully navigated through the COVID-19 pandemic.

District Health Services

District Health Services improved with regard to target achievement from 65% in 2017/18 to 68% in 2018/19 and reached a 75% achievement at the end of the 2019/20 financial year.

#### Provincial Hospital Services

The section 100(1)(b) intervention created a hospital management branch that is starting to make a positive impact on the functioning of and the services provided by hospitals. The following are a summary of key achievements in hospitals:

* Dealt with backlog of PMDS cases dating as far back as 2009
* Key clinical (general and specialist) as well as support posts were filled
* Regularised all acting positions
* Management meetings, including clinical management meetings, general staff meetings as well as regular meetings with labour unions were revived in hospitals where these were not happening, thus assisting in stabilising the labour environment in hospitals. Impromptu protests reduced markedly.
* Backlog payments for Occupation Specific Dispensation (OSD) translations, especially for professional nurses commenced and continues to be effective.
* The process of reviewing the performance agreements of all categories of employees was completed.
* Process for allocation of funds to relevant line items was improved between hospital and provincial management.
* Service contracts that were deemed detrimental to hospitals’ functioning were ended.
* Investigations into different cases pertaining to allegations of dereliction of duty, maladministration and fraud and corruption were commenced and continue.

The Minister of Health seconded a member of the Intervention Team to Mafikeng Provincial Hospital (MPH) as an Acting CEO, for six months from April to September 2019, while the process of filling the post of CEO was on its way. This assisted greatly to stabilize the labour situation at MPH. An action plan for service improvement at this hospital was developed and implementation thereof started. The implementation of this plan is beginning to bear fruit in restoring the facility to optimal functionality and thus improve the quality of care. The action plan focused on five areas, namely; human resources including management and labour relations, infrastructure, equipment, transport, and medicine availability.

#### Infrastructure

An infrastructure improvement needs analysis was completed on the Ideal Clinic Realisation and Maintenance Programme’s monitoring and evaluation system for primary health care (PHC) facilities and this was converted into a five year implementation plan. Implementation of the plan has commenced and refurbishment of a number of PHC’s has commenced.

A ten-year maintenance and refurbishment plan for hospitals has been completed and implementation has commenced.

* Refurbishment of the casualty units of MPH and Job Shimankana Tabane (JST) hospitals have commenced
* A heating, ventilation and cooling system (HVAC) was installed at JST
* At MPH ceilings in some wards were replaced.
* The renal unit at Klerksdorp-Tshepong was refurbished
* Boilers are being refurbished/replaced at all hospitals. Assessment report is expected at end of June 2020. Purchased 6 boilers for 3 hospitals. Installation in process.
* Maintenance material and equipment were purchased and small scale maintenance (internal) has commenced. Two autoclaves were fixed at MPH and a reverse osmoses plant was installed at theatre.
* Non-functional oxygen points were repaired and additional oxygen points were installed where needed.
* The department has published a tender to procure the services of experts to improve the medical gas systems at all hospitals. This process is at tender evaluation stage.

#### Pharmaceuticals

The Mmabatho Medical Stores were found to be severely mismanaged with regard to both stock and financial management. Two senior and one middle managers are suspended and their disciplinary cases are in process. The Administration commenced the process of sustainable pharmaceutical services management with the assistance of experts from two NGOs. Thirteen process pillars which are essential to management of a medical depot were all missing. These are in the process of being instituted. A Standard Operating Procedure (with specifically assigned tasks) for payments of pharmaceutical and surgical supply invoices was completed. A detailed report in this regard is available

Medicine availability in hospitals improved from 65% in May 2018 to an average of 82% in 2019 to 77% in March 2020. Medicine availability in hospitals is currently down to 70%. Medicine availability in PHC facilities improved marginally if compared with April 2018 to February 2020 (76% to 85% on average for 2019 to 78% in March 2020). Availability in PHC facilities is currently down to 75%. Availability in this area is being negatively affected by a large number of backlog payments (as far back as 2014) that were only discovered in June 2019. A large number of invoices for these payments are in the process of being reconciled. A focused payment strategy is being implemented and suppliers are releasing the accounts and delivering medicines.

#### Emergency Medical Services (EMS) and Planned Patient Transport (PPT)

* In 2018 the NWDoH deployed 38 new ambulances into service and in 2019, 48 new ambulances and 20 planned patient transport vehicles.
* Ten forensic services vans and 21 response vehicles were deployed.
* The department appointed 20 Advanced Life Support Practitioner.
* Payment of EMS overdue overtime was effected.

####  Availability of essential equipment

* Equipped Klerksdorp-Tshepong and JST hospitals with CT scanners
* In the process of procuring a CT scan for MPH, Potchefstroom and Joe Morolong (JMM) Hospitals
* Purchased 7 incubators, 2 colposcopes, 4 delivery beds, 5 suction machines, 22 cardiac monitors, 2 blood gas analysers, 1 fluid warming cabinet and 2 diathermy machines for MPH.
* Tractors purchased to keep the grounds of hospitals neat
* Purchased two additional Planned Patient Transport vehicles for MPH to facilitate prompt patient transfers to KT and Chris Hani Baragwanath Hospitals

A senior manager has been appointed to drive this neglected area. She commenced duty on 1 March 2020.

#### Records Management

* Appointed additional clerks to hospitals to assist with filing and retrieval of patient files
* This is a key weakness in the department and we are in the process of appointing a service provider to address this. The request for proposal for Document Management was advertised and closed on 12 August 2020. Evaluation of the proposals is planned to take place during September 2020.

#### Security Services

Security services have been stabilised after centralising the payment of security companies at the provincial level. The department developed a three-year insourcing plan which will be implemented incrementally in collaboration with National and Provincial Treasury.

### ICT infrastructure and process automation

While the NWDoH is still in the process of completing its framework for renewing ICT infrastructure and its strategy for process automation, the following have been achieved with this unit’s limited budget to ensure the maintenance of key operations:

Post to be filled

The department is in the process of filling the posts of Assistant Director Projects, Chief Network Controller and 2 Network Controller posts. The posts of AD: Projects will be re-advertised because no suitable candidate was found. Interviews were held for the Chief Network Controller and 2 Network Controllers.

 PAAB

To ensure maintenance of Patient Administration and Billing (PAAB) at the hospitals, uninterrupted power supplies (UPS) were procured and installed for the PAAB servers. The PAAB contract has been extended for a period of six months (May 2020 - October 2020). The approved PAAB specification has been discussed with SITA during November 2019. SITA will advertise the Tender and evaluate the applications and the department will adjudicate and award the contract. Approval to advertise PAAB tender has been granted by Accounting Officer.

Computer Hardware

The National Department of Health (NDoH) supplied 123 computers with printers to run the Pharmaceutical Dispensing system (Rx Solutions). The supplied computers were also configured to do offsite backup on a daily basis. All sites were upgraded to the new Rx Solution version 1.3 which enables export of orders in an electronic format.

A total of 19 computers were configured and delivered to Sub-district offices for Tier.net to consolidate and export TB and HIV Data to the District Health Information System (DHIS). Tier.net at Provincial, District and Sub-district offices was upgraded from version 1.12.6 to 1.12.8 to enable separate exporting of TB and HIV dispatch to DHIS. Integration of TB and HIV data from Platinum mines with Tier.net was conducted. Support for Tier.net however remains inadequate and we have to find a solution in cooperation with the NDoH.

The Drug Supply Management System (DSMS) contract has expired and the tender for renewal has been advertised and bid documents received. The Bid Evaluation Committee has submitted the final report to the Departmental Bid Adjudication Committee (DBAC) for awarding the contract. The contractor for the DSMS system was appointed and is onsite as from 1 April 2020.

### Governance and Leadership

The Administration continues to work along the lines of existing NWDoH and NW Province’s governance and leadership forums. However, a number of inefficiencies occurs that borders on dereliction of duty from managers and this point to a need for a clearly documented governance framework which should be used to orientate managers to their duties and responsibilities. A governance framework was expected to have been completed by end May 2020. Unfortunately this timeframe did not materialise. The department has set a new deadline of end of November 2020. The NWDoH’s governance and leadership status will be evaluated against this framework and findings will be implemented starting in 2021/22 financial year.

The interventions described above have directly touched the lives of the people of the province in a positive way. A few examples that are evident in the NWDoH’s annual report for 2019/20 are:

• Health professionals per 100 000 population have increased, rendering health facilities more responsive than what they were at the beginning of 2018.

• Operating theatres were fixed, equipment was procured and specialists were appointed assisting hospitals to reduce their surgical backlogs.

* + This resulted in amongst others more hip and knee replacements.
	+ More MRI scans were done, thus improving access to sophisticated diagnostic procedures.

• The renal unit at Kleksdorp-Tshepong Hospital was upgraded assisting the province to have more people on renal dialyses.

To support key clinical processes and to ensure that our facilities live up to infection prevention and control principles, additional administrative staff and cleaning staff were also appointed.

## **Priorities that still need to be addressed**

The activities in the table below are key but can be completed by the to-be-appointed HoD and the management team that was strengthened by the Section 100 (1)(b) intervention.

**Table 1: Key outstanding Activities**

| ACTIVITY | PROCESS | COMPLETION |
| --- | --- | --- |
| Complete and implement the Governance Framework Document to Strengthen leadership and governance systems | * 1st Draft Completed (done)
* Final Document
* Commencement of Implementation
 | * 30 March 2021
 |
| Complete a service costing model | * First draft circulated
* Document completed
 | * November 2020
 |
| Appointment the Head of Department | HOD – interviews have been conducted. Recommendations submitted to Premier in May 2020. Process found to be faulty. Process to be completed in cooperation with OOP and DPSA | 31 March 2021 |
| To complete the work-study on supply chain processes to determine and address root causes of weaknesses in supply chain processes. | Tender process in progressThe work-study was evaluated but bidders were found to be non-responsive therefore re-advertisement will take place. | 31 March 2021 |
| Establish a permanent payments verification team, with implementation of controls in payments. – This process is currently still being supported by NDoH | Team functional | 31 March 2021 |
| Advance the implementation of improvement processes in pharmaceutical services | A process to review the pharmaceutical service delivery model was started. This will underpin all other process improvement initiatives | 31 March 2021 |
| To commence the process of improvement of records management in the department. | Bid specification developedBid advertisedBid evaluatedBid adjudicatedCommence implementation | 30 January 202030 April 202030 September 202010 October 202015 January 2021 |
| To commence the process of improvement of medical gas reticulation in hospitals | This is now the second time of starting this process since SCM mistakes were made during the first round (CIBD grading level, scoring threshold)Bid specification developedBid advertisedBid evaluated and adjudicatedCommence Implementation | Beginning Oct 2020End October 2020December 20201 February 2020 |

## Risks to the sustainability of the intervention

The remaining weaknesses in the NWDoH are not insurmountable. The risks discussed below can also be sufficiently mitigated provided that the resurfacing ill-discipline amongst some staff that is fuelled through external groups for purposes of self-interest is addressed appropriately.

Since the World, South Africa and the North West Province are currently striving to contain and manage COVID-19 this section of the report begins by highlighting risks related to the management of COVID-19 and moves to risks pertaining to the successful functioning of the NWDoH in general.

**Table 2: Risks specific to COVID-19**

|  |  |  |
| --- | --- | --- |
| No. | Key risks | Mitigation |
| 1. | Increase in burden of disease through seasonal influenza during the upcoming winter | The Department of Health procured 17 000 flu vaccines for health care professionals and vulnerable community members. Distribution is 35% Bojanala, 30% NMM, 20% DR RSM and 15% Dr KK |
| 2.  | Shortage of medicines and PPE | Continuous monitoring of medicine availability and PPE stock with continual placement of orders. |
| 3.  | Shortage of HR, beds, equipment, medication due toa surge in numbers caused by:• Non-compliance to physical distancing• Improper disposal of used personal protectiveequipment (PPE)• Exposure of vulnerable groups | Appropriate planning and implementation for surge. All the hospitals have made plans to increase the number of Covid-19 specific beds in their institutions. In instances where reprioritization of beds within the facility is not possible, closed mine hospitals are being used E.g.; West Vaal hospital.Field hospitals are being plannedModerate and severely ill patients need either high flow oxygen treatment or ventilation if they do not respond to high flow oxygen. This requires creation of additional high care and ICU beds especially in regional and tertiary hospitals. Equipment for high flow oxygen and ICU need to be procured. An additional 85 ICU beds need to be equipped which involves purchase of 85 ventilators which need to be ordered as a matter of urgency. |
| 4.  | Burn out of frontline staff | * Ensure sufficient staff
* Roster staff to ensure a balance between work and rest
* Involvement in decision making
* Information sharing and appreciation
* Debriefing and psychosocial support
 |
| 5. | Irregular, poor, unauthorizedor corrupt provisioning ofCovid-19 services and products | Compliance with PFMA• Internal controls• Whistleblowing |

### Risks to delivering on the NWDoH Mandate in General

#### (i) Budget Shortfall

A draft report on costing of the services of the NWDoH, done by the Clinton Health Access Initiative (CHAI) and the World Health Organisation (WHO), states that, based on the costing estimates, the total of all additional budgetary needs for this department is R 4.2 billion. This shortage manifests itself amongst others in the NWDoH’s inability to have an organisational structure that will allow it to fill all the posts required to live up to its mandate and to be able to ensure the availability of ALL essential medicines and equipment at all times. The annual recurring accruals are also a sign of the budgetary shortfall of the NWDoH. The table below displays the accruals for 2019/20.

**Table 3: Accruals for 2019/20**

|  |
| --- |
| **Per economic classification** |
|  | R’ |
| Goods and services  | 1 043 551 915 |
| Interest and rent on land | 3 083 310 |
| Transfers | - |
| Capital | 87 947 632 |
| **Total**  | **1 134 582 857** |
| **Per Programme** |
| Administration | 155 228 875 |
| District Health Services | 201 292 284 |
| Emergency Medical Services | 255 362 080 |
| Provincial Hospital Services | 110 876 182 |
| Central Hospital Services | 92 429 262 |
| Health Sciences and Training | 928 152 |
| Health Care Support Services | 230 847 580 |
| Health Facilities Management | 87 618 442 |
| Total | **1 134 582 857** |

#### (ii) Shortage of Human Resources

The department has a total of 23 629 posts on Persal of which 18 747 are filled on a permanent basis, 74 on sessional basis, 13 on temporary basis, 753 on contract and 18 on part time basis. There are also a total of 985 posts filled additional to the establishment mainly by Medical Interns and Community Service professionals. The projected cost of compensation of employees (COE) for the 2020/21 financial year is **R 8 889 544 851.** The COE Budget for this same year is **R 8 552 696 000** which is 65% of the current allocation.

This leaves a shortfall of **R336 848 851**. This shortfall excludes liabilities of **R477 871 485** and **R16 499 199** required to fill key senior management posts and **R62 870 053** needed for key posts on lower levels. The total funding gap for COE is thus **R894 089 588**. The conversation continues with Provincial Treasury to determine how the NWDoH will overcome this gap.

#### (iii) Shortage of Medicines

Forty-one percent of stockout are due to national supply problems. Thus 59% of stockout problems are due to the NWDoH’s account being on hold by companies that have not been paid for an average of 6 months. This is due to this programme running out of budget by January of every financial year and in this manner contributing to the department’s overall accruals The NWDoH had to wait for the 2020/2021 budget to start addressing the backlog payments. This process started 15 April 2020 and is envisaged to conclude at end of June 2020. To ensure the desired outcome, additional 9 staff (interns) have been appointed to assist with processing payments.

Accruals remains a challenge. This was exacerbated by inaccurate quantification of the North West province’s medication need. Ninety percent (90%) of a 2018/19 accruals paid and remaining 10% delay is due to process of verification that is taking longer as some of them are from as far back as 2016. Inaccurate forecasting leading to inadequate budgeting has been a problem. An improved forecasting methodology was introduced in 2019/20.

The 2020/21 Demand plan was developed using this methodology. The forecasting model that was used take into consideration items issued, population growth, prevalence and burden of diseases as well as expenditure and accruals suggest that actual budget needs for medicine and medical devices is R1.6 billion, indicating a shortfall of R754 million. This does not include future Increases in vaccine and medicine prices nor does it include increases in medicine prices relating to COVID-19 as a result of high demand the world over. This problem will have to be addressed through budget reprioritization with Provincial Treasury.

#### (iv) Infrastructure weaknesses[[6]](#footnote-7)

The total infrastructure improvement need with regard to refurbishment/backlog maintenance (as at this current point in time) has been determined and costed for both primary health care and hospital facilities. This comes to R865m. The budget for this in the NWDoH is currently R400m (R600m minus R80m for HT, minus R120m for projects already started). The budget for proactive maintenance R40m is also insufficient.

It must also be noted that to date the Infrastructure Development and Technical Services (IDTS) unit in the NWDoH has been struggling to convince that they have the capacity to deliver on this need even if funding was to be made available. This capacity gap is being addressed.

#### (v) Poor Supply Chain Management

On commencement of the Section 100(1) b intervention in the NWDoH in May 2018, SCM was found to be one of the key weaknesses in the department. At that time the reasons appeared to be:

* Weak internal controls due to high vacancy rate and lack of focused, relevant training.
* Lack of dedicated staff for contract management which leads to irregular extensions of contracts.
* Lack of consequence management and implementation of investigation recommendations contributing to non-compliance of regulations.
* After two years of Administration, one comes to the conclusion that the weaknesses in SCM is being deliberately maintained. Reasons for this statement are:
* During the 2018/19 process of organisational structure redesign, neither the CFO nor the Director SCM indicated that the organogram is insufficient to service this area.
* No concerted drive to fill key vacancies in the Directorate SCM. It was only after the Chief Director was appointed late in 2019, that she pointed to the fact that the staff compliment under the Director SCM is insufficient to manage the expected outputs of this area.

#### (vi) Lack of resources to ensure consequence management

Consequence management relates to those measures taken to protect public health and safety through restoring and maintaining the services of the NWDoH.

This contributes to the pursuit of results through a culture of accountability. There is a lack of leadership and staff in the labour relations unit of the NWDoH resulting in a huge backlog in both grievances and disciplinary cases. If this is not adequately addressed, it will result in:

* Inability of the department to instil discipline in the organization and embed it as a value
* An increase in the likelihood that employees will commit acts of misconduct knowing that there will be no consequences
* Employees not executing tasks/responsibilities as required, leading to poor service delivery
* A scarcity of resources will lead to a need to prioritize and this may be seen as selective discipline, which further leads to staff dissatisfaction
* A delay in prosecution may lead to implicated staff contesting that the employer has waived the right to discipline them. This is a defence in law where an employer takes an unreasonably long time to charge employees

## Assessment of current intervention approach

#### Current strategy

A Protocol Agreement was signed between the Minister of Health and the MEC of Health in which the parties agreed and undertook to act in common pursuit of the aims and objectives of the protocol that would have been implemented by co-operating with one another in mutual trust and good faith by:

* Assisting and supporting one another
* Informing one another of and consulting one another on new developments that might prevail
* Adhering to agreed procedures and plans and
* Implementing the plans of the intervention

Section 100 (1) (b) intervention team members are all in full employment with the NDoH. This has the advantage that some members are experts in their areas, understand the government environment, have specific knowledge about the performance of their areas in the NWDoH and could hit the ground running. It however also had/has the disadvantage that members were not totally released from their duties at the NDoH and had to divide their attention between Intervention activities and NDoH activities. Four of the seven members of the team were released to return to NDoH in 2018 (two) and 2019 (two) before the end of the intervention. This situation had the disadvantage that a knowledge and ability gap was left in the Intervention team while it has the advantage that activities were then fully assigned to NWDoH managers where such managers were available in the department.

Additional skills were brought in for costing of services and for managing and improving the systems for pharmaceutical services. These skills were sponsored by NGOs.

# DEPARTMENT OF EDUCATION

*Section 100(1)(b) intervention, led by National Department of Health*

## FOCUS OF THE INTERVENTION

### Issues identified during the rapid diagnostic assessment in May 2018

The Department of Basic Education began the intervention with the diagnostic assessment of the key findings and the team identified the following areas of focus:

* Matters of emphasis from the AG’s report and MPAT
* Financial management
* Human Resource Management & Development.
* Curriculum management
* Effective and efficient management of Conditional Grants
* District Coordination
* Infrastructure Delivery
* Learner Scholar Transport
* National School Nutrition Programme (NSNP)

### Scope of the intervention

On the 23 May 2018, Cabinet decided to intervene in the North West Department of Education and Sport to address the following areas identified during the diagnostic phase:

* Addressing matters of emphasis reported through the regularity audits by the Auditor General of South Africa and non –compliance challenges reported through the DPME’s Management Performance Assessment Tool (MPAT);
* Ensuring sound and accountable financial, fiscal, budget, supply chain management and human resource management;
* Ensuring sound and account management of Conditional Grants;
* Ensuring that post provisioning is in terms of and complies with norms and standards;
* Addressing the challenges identified in the quarterly in-Year Monitoring (IYM) Reports;
* Reviewing and ensuring accurate and reliable education data management through the integrated education management information system (EMIS) in general, and through the South African schools administration and Management System (SA-SAMS) in particular;
* Strengthening the implementation, monitoring and evaluation oversight of curriculum management and delivery;
* Ensuring and providing monitoring and monitoring oversight on the resourcing and capacitation of district and circuits;
* Ensuring timeous school infrastructure provisioning and the maintenance of existing infrastructure; and
* Ensuring safe learner transport provisioning for deserving learning.

### Intervention protocols

The purpose of the Intervention Protocol, which has been aligned with the overarching Memorandum of Understanding signed by the National Government and the provincial government of the North West on 28 June 2018, is

* To deal with the consequences of the section 100(1)(b) intervention and to clarify the scope of mandates of the section 100(10(b) intervention; and
* To ensure that the rights and interests of learners in the North West to receive quality basic education are not violated.

In implementing the intervention, the Minister after consultation with the MEC withdrew from the MEC the delegations under the Public Finance Management Act, 1999 as amended, and Public Service Act, 1994 as amended, as well as education instruments and any other laws applicable to the provision and administration of quality basic education and allocated such delegations to the Administrator.

The Roles and responsibilities of the MEC, the Superintendent General and other staff members include support and assistance of the Minister to implement the section 100(1)(b) intervention

### Resourcing of the Intervention team

The Minister of Basic Education appointed an Administrator and two officials to assist in the implementation of the intervention. This team is not sufficient and is from time to time augmented by officials from the Department of Basic Education.

With regards to infrastructure a firm of consultants was appointed to provide planning and implementation support to the infrastructure unit.

## PROGRESS TO DATE IN ADDRESSING TRIGGERS AND NEW ISSUES

### School Infrastructure capacity and performance

Poor levels of spending on the school infrastructure programme, and the resultant transfer from the North West Department of Education of R225 million in the current financial year to high spending provinces is the focus of major criticism against the intervention in the department. The poor expenditure must however be understood in the context of the capacity challenges in the department that necessitated the intervention in the first place.

The major cause of the underspending is as a result of the lack of systems, poor planning, lack of skilled professionals such as engineers, quantity surveyors, planners, architects etc. and poor performance of the implementing agents.

Due to the lack of systems and appropriate skills, the department previously used the improper and unlawful methods to spend its allocated infrastructure budget. These methods however, did not benefit the business community of North West while at the same time created huge irregular and wasteful expenditure. Appointment of service providers without following procurement processes and utilisation of expired contracts. The Auditor General addresses some of these non -compliance issues in his reports of the financial years 2017/18 and 2018/19

In previous years the illusion of effective performance on the grant was achieved through irregular expenditure of the infrastructure grant funds on goods and services items, R360 million on tablets and screens and unlawful contracts. In the current financial year the Administrator has prevented further attempts to expend the infrastructure grant on goods and services (again tablets) worth approximately R300 million.

The intervention has identified improper and unlawful contracts which are currently under investigation as categorized below:

* Improper use of Turnkey appointments for projects, which restricted transparency, fairness and competition.
* Appointment of service providers (contractors) without advertising the projects.
* Utilised Education Conditional Grant funds to procure Goods and Services Items.
* Abuse of Treasury Regulation 16A where one contractor was awarded 5 schools and the other 3 schools.
* Unlawful or unauthorised variations, which intentionally increased the cost of the projects.
* Schools projects constructed for over 5 years, resulting in doubling up of the contract costs.
* The department utilised service providers whose contracts had expired.

The intervention team has put up systems in place to ensure that infrastructure delivery is properly streamlined. Strategy and plans had to be developed and implemented to ensure better and efficient infrastructure delivery.

A recovery plan was developed and the B5 project list was amended to focus on maintenance, sanitation, school fencing, water, storm damaged schools etc.

As part of the strategy some of the built professionals were appointed, Project Support Unit was also appointed to provide support in planning and projects implementation. (DBSA) has been appointed and has appointed contractors for the design and building of new schools with effect from April 2020. Professional Service Providers (PSPs) have been appointed for the design of new projects and renovations.

The rollout of the recovery plan has however started late, resulting in the return of funds to DBE. However now most of the technical staff and service providers to support in the built environment are appointed.

The poor performance of the implementing agencies contributed to the department’s underspending on education infrastructure grant for the past two years resulting in the Education Department losing money to other provinces. The diagram below illustrate the situation where green represent the budget and red is the actual expenditure.

### Consequence Management

* The audit of 2017/18 reported 104 officials doing business with the state and 71 officials went through disciplinary hearing. In 2018/19 about 81 officials were identified to have been doing business with the state and disciplinary proceedings have been concluded. For 2019/20 the audit identified 67 officials mainly teachers doing business with the state awaiting detailed reports from the office of the Auditor General. Furthermore, 34 officials have been identified to have supplied COVID 19 essentials to the state, the process of obtaining supporting documents from departments and municipalities is underway.
* The Chief Financial Officer, Director Supply Chain Management, and the Deputy Director Supply Chain Management are on precautionary suspension, disciplinary processes have started in all these cases
* 3 Junior officials are going through disciplinary process for fraud and corruption.
* 12 Forensic investigations by independent firms and National Treasury relating to supply chain management mainly on infrastructure projects have been completed and disciplinary processes and engagement with the law enforcement urgencies have started.

### Matters of emphasis from the AG’s report and MPAT

Over the years until 2017/18 financial year, the department accumulated irregular expenditure of R1.2 billion. This amount increased to R1.4 billion in 2018/19 financial year due to the carry through effect of the stationery tender awarded irregularly in 2016/17 financial year. For the financial year 2019/20 irregular expenditure amounts to R141,5 million.

* Irregular expenditure of R172 million is awaiting for condonation by the relevant authority.
* The forensic investigations conducted by the accounting firms managed to address irregular expenditure of about R852 million of the accumulated R1,4billion. Motivations for condonation of the irregular expenditure in process.
* The Procurement of the services of a reputable audit/accounting firm to investigate the remaining cumulative irregular expenditure will be completed in November 2020.
* Forensic investigation on the alleged fraud and unlawful contract variation of R34,9 million on the contract value of R1,2 million. The initial contract of R1,2 million was also irregularly and unlawfully appointed. The forensic investigation report assist to reduce the accumulated carry through irregular expenditure on procurement of stationery by about R597 million. The matter will be referred to the relevant law enforcement agency during November 2020.
* An unauthorised expenditure of R8 million has been submitted to Provincial Treasury for condonation.
* Implementation of the consolidated Post Audit Action Plans (PAAP) for 2019/20 ongoing.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017/18** | **2018/19** | **2019/20** | **%** |
| Irregular Expenditure | R197 155 000  | R383 745 000 | R141 538 000 | 63.12% |

An amount of R254 million in 2018/19 and about R80 million in 2019/20 relate to transactions concluded in previous years.

The number of audit findings have reduced from 184 in 2018/19 to 124 in 2019/20.

### Financial management

*The diagnostic assessment found that financial management performance was below compliance level, including non- payment of suppliers within 30 days and not following proper procedures in the acquisition of goods and services. These are the major causes of the unauthorized expenditure. In response, the intervention has embarked on the following:*

* Audit findings form part of the Performance Agreements of SMS members.
* The Departmental Budget Committee resuscitated, meets monthly.
* Procurement Plan for 2019/20 was developed and implemented.
* New Business Processes (i.e. Procedure Manual) on Management and Control of Suspense Accounts adopted
* Invoice tracking system implemented to speed up payment of claims to comply with the 30 days requirement.
* New bid committees have been appointed and committees trained on roles and responsibilities and supply chain management processes.
* In 2018 Data Clean-up was done to correct wrongly captured data (ID numbers, name, surnames, date of birth etc.) to ensure the data captured on SA-SAMS is correct and of good quality.
* The assessment of the functioning of the Procurement Unit conducted and 8 SCM Practitioners will be appointed in January 2021 to improve the level of procurement performance in the department. Furthermore, Procurement Standard Operating Procedures (SOPs) are developed.
* To further, enhance financial management performance, vacant posts in Risk Management, Anti-Fraud and Corruption and Internal Audit are filled. Furthermore, to reduce the number of irregular expenditure and limited scope cases 2 vacant posts in Internal Control will be filled in December 2020.

### Human Resource Management & Development.

*The impasse between the department and organized labour delayed the implementation of the organizational structure that, was approved in March 2017 resulting in vacant posts not being filled. Furthermore, the department has capped the number of Heads of Department in all schools to a maximum of four (4) post. There were allegations of irregular appointments done for individuals who do not meet the requirements of the posts from the Head Office to Districts. The following remedies have been implemented to address the identified challenges:*

The impasse on organizational structure with the organized labour has been addressed and the structure is being implemented. Verification of the post establishment against the new structure and the relocation of the staff to the new approved organizational structure is completed.

* Filled **538** vacant promotional school based posts during **2018/2019** financial year.
* **56** office-based posts advertised during 2019/20 have been filled**.**
* Filled **824** vacant promotional school based posts during **2019/20** financial year.
* 203 promotional posts will be advertised during November 2020.
* 139 Office based education specialist posts will be advertised in November 2020.
* Standard Operating Procedures (SOPs) for filling of posts have been approved and in operation.
* Audited 1095 appointments made since 2014 awaiting final results for implementation.
* Reviewed the provincial norms and standard of capping of Heads of Department posts to a maximum of 4 in schools. The proposal was that schools with high enrolment could appoint a maximum of 6 Heads of Departments, but this could not be implemented due to the national budget cuts implemented.
* The employment equity plan has been developed and it is at the point of approval.
* Learner Teaching Support Material (LTSM), function, excluding the SCM element is being moved from procurement section to curriculum and management services.
* The LSPID is incorporate onto the Organizational Structure and professionals are appointed on permanent basis.

### Curriculum management

*The diagnostic outcome revealed that provincial learner performance had declined from 86% to 79% in the 2016 and 2017 National Senior Certificate examination results respectively; illustrating a compromise of learning standards and outcomes.*

Since the intervention the department made remarkable investment in curriculum management. The intervention team negotiated with Treasury to increase the budget for Compensation of Employees (COE) due the high vacancy rate in particular for educators and R50 million was made available.

Between 2018 and 2019 about R50 million was spent on appointment of teachers, principals, subject advisors etc. Special dedicated camps and catch up classes took place during the year. Teachers trained on relevant curriculum matters throughout the year. Learner support teaching materials (LTSM) were delivered on time to schools.

*Additionally, the following were undertaken to enhance curriculum management:*

* Audited the availability of subject advisory support posts and filled 13 critical vacant posts
* In 2018 about 4 Schools were affected by community protests in RSM week- end classes and camps to recover the lost curriculum time for Grade 12
* The recovery of lost teaching and learning time as a result, of the unrest took place successfully. Learners were able to write exams under a conducive environment.
* In 2018 learners from Ramokoka Stad were affected by the community protest from July, the department placed the matric learners in special camps until they wrote examinations and majority of them passed.
* This year in Bojanala district learners at Marikana schools were affected by disruptions since July, interventions were implemented and the Grade 12 learners are in a camp from 05 October until they write examinations
* Curriculum coverage monitoring tools for Grade 1-12 were, provided to all schools.
* About 17 508 Grade 12 learners were supported with preparation for final examinations through learner support camps, radio etc.
* The process of procurement and delivery of Learner Teaching Support Materials (LTSMs) to all public schools and all grades for the 2019 and 2020 academic years were, monitored to school level.

These efforts resulted in improved pass rate in the *National Senior Certificate Exams (NSC)* to 86.8% in 2019, which is a significant increase of 5.7% from the 81.1% pass rate achieved in 2018.

Currently, examinations have started well in all the schools. The coronavirus pandemic has negatively affected school in the whole world since from March 2020. The department implemented various interventions to address the curriculum backlog created by COVID19 such as Afternoon and Saturday classes and camps. Radio, TV and Dial a Tutor are among the interventions. Preparations for marking of the matric examinations papers are under way.

### Procurement and Delivery of LTSM

 *The diagnostic outcome revealed that the procurement and delivery of all LTSMs required in all public schools and grades in academic years not properly recorded.*

* The department implements an electronic module as part of e-LTSM and schools have captured books at hand on SA SAMS.
* For 2018 and 2019 the department participates in the transversal tender approved on 21 May 2019 for a year and delivery of textbooks and stationery started around October /November and schools received their stocks before the reopening of schools.
* Due to the national coronavirus lockdown the process of procuring contracts for the delivery of textbooks and stationery was delayed by about four months. However, arrangements have been made with the service providers and schools management to deliver material during the school holidays.
* Schools have not placed orders for stationery as yet because service providers are not appointed by the department.
* Service providers for the manufacturing, packaging and delivery of stationer to schools will be appointed during November 2020.
* With regards, schools have ordered textbooks from publishers, however, delivery will commence after service providers for delivery of the textbooks are appointed in November 2020. Out of 1450 schools, 1427 schools placed top up orders**.**

### Effective and efficient management of Conditional Grants

*The assessment revealed that the underspending conditional grants was mainly on Mathematics, Science and Technology (MST) and Learners with Severe or Profound Intellectual Disability (LSPID). Some of the contributing factors to the underspending on conditional grants were late submission of procurement plans and lack of monitoring of the grants. Responses implemented include:*

Implementation and Management of all conditional grants have improved remarkably well beyond the spending levels of 2017 and 2018. In 2020/21 COVID 19 interrupted the new spending pattern, however, strategies are in place to improve the spending levels.

* Business and procurement plans are frequently monitored to ensure high impact and compliant expenditure on conditional grant.
* Guidelines on the transfer of funds and the usage thereof have been developed and Memoranda of Understanding (MOUs) were signed.
* Audit of technical schools and care centres has been done and implementation of the guidelines is being monitored.
* All LSPID therapist posts filled have been converted into permanent status to retain them in the system.

### District Coordination

*It was discovered during the assessment that districts were unable to function effectively and optimally mainly due to the delay in the implementation of the realigned organisational structure, filling of vacant posts, tools of trade and community protests. The following corrective measures were taken:*

The implementation of the policy on the realigned district organisational structure has resumed. An analysis and comparison of the old and the new structures was done in line with the policy on the roles and responsibilities of districts.

* 22 of the prioritized vacant posts have been filled and the appointment of the two District Directors is being finalized.
* Between the years 2018/19 and 2019/20 district officials were allocated minimum tools of trade in the form of 154 desktops, 397 laptops and 66 vehicles.
* Monthly meetings are held at all levels (branch, district, sub-district) to assess progress towards the implementation of policy objectives or planned year activities.
* About 216 Quality Learning and Teaching Campaign (QLTC) structures at school level, 47 at circuit level have been established between 2018 and 2019. QLTC Summit took place in March 2020.
* 98% of schools have submitted Audited Financial Statements and the remaining 2 % have been assisted.
* Academic annual reports and improvement plans are submitted and implementation is monitored regularly.
* 1617 SGB members have been trained from August to November 2019 on recruitment, selection and legislative framework on policy development.
* Engaged the communities where disruptions of schooling took place and learners went back to school, special camps and catch up classes were conducted and grade 12 learners wrote matric exams. Both in 2018 and 2019 a significant number of learners passed the National Senior Certificate (NSC)

### Infrastructure

*The assessment indicated that Education Infrastructure Grant (EIG) is a supplementary grant intended to augment the provincial infrastructure allocation, however, there is no education infrastructure allocation from the equitable share. Historical infrastructure backlog still existed and these were the existence of pit latrines in schools, failure to repair storm damaged schools, and failure to upgrade and provide additions such as library, laboratories etc. on the face value it seemed that Education infrastructure seemed to have fully utilised whereas in actual fact the funds were not necessarily spent on infrastructure projects. High cost to construct schools and inability to attract and appoint specialised human resources approved by the National Treasury. These challenges were responded as follows:*

* 18 Built environment specialists posts were advertised and 2 unregistered Quantity Surveyors, 1 Planner and 7 Work Study Officers were appointed. There were no candidates for the advertised posts of 4 Engineers, 3 professional Quantity Surveyors and 1 Architect.

The vacant posts had to be re-advertised which included head hunting through the council of engineers and due to the COVID 19 interviews are scheduled for November 2020**.**

* The department spent an amount of R360 million of Education Infrastructure Grant on goods and services to buy tablet devises. Forensic investigation by an independent forensic firm is underway.
* Forensic investigations into the procurement and implementation of 12 infrastructure projects are complete and implementation of recommendations has commenced.
* The department appointed BTKM (Project Support Unit ) to augment the current expertise in infrastructure planning, implementation and monitoring while recruitment of professionals is continuing.
* Due to the lack of internal capacity or appropriate built skills and poor performance of the Implementing Agents (IDT and DPWR) the department ended up utilizing unlawful processes to spend its allocated budget.
* To address the underspending challenges due to underperformance the department resolved to revise its project plans (B5 Projects list) and focused on sanitation, school safety or fencing, storm damaged schools, water and maintenance. The recovery plan projects are implemented as follows:

####  Sanitation

154 schoolswith pit latrines were prioritised to receive proper sanitation in 2019/20

* + 118 Schools with pit latrines have been *completed*
	+ 36 Schools with pit latrines are at construction *stage*

#### Repairs and Renovations:

24 schools requiring maintenance prioritised to receive maintenance in 2019/20 were scheduled to be advertised in March 2020 due to the national lockdown this could not happened.

#### School Fencing:

114 schools over and above the initially planned 87 schools were re-prioritized to received security fencing.

* 87 fencing school projects have been completed
* 70 school projects are at construction stage
* 44 school projects are at procurement stage

#### Storm Damaged Schools:

37 schools were prioritized and later additional 4 schools were added due to storm damages that happened in Dec 2019

* 20 school storm damaged projects are at *construction*,
* 21 school storm damaged projects are at procurement stage

#### Provision of water

68 schools were identified for provision of water in the form of boreholes

64 water projects are at construction stage.

#### The Development Bank of Southern Africa (DBS)

The Development Bank of Southern Africa (DBS) was appointed to implement infrastructure projects (new schools and additions) which the implementing Agents could not build.

#### Private Public Partnership (Rand for Rand):

The Royal Bafokeng Platinum Mine and department have entered into a partnership to build two schools in Rustenburg for a total cost of R144 million on a Rand to Rand basis. The Memorandum of Agreement has been signed, the department has set aside and contributed an amount of R70 million towards this project.

#### Procurement of Mobile Classrooms for Districts:

Mobile classrooms have been ordered to address the issue of overcrowding in certain schools. Also a temporary hostel has been ordered for Onkgopotse Tiro and Moedwill Mega Schools while waiting for renovations to be done. For Coligny Special School (Asbestos School) the department is awaiting for quotations on the renovation of hostel.

### Scholar Transport

The learner transport line function is located in the Department of Community Safety and Transport Management . The provision of learner transport to deserving learners in the province neither meets the need nor targets. The observation of late payment to service providers, not all qualifying learners transported, learners arriving late at schools because of mechanical breakdowns.

About 65 200 learners are transported to schools by the Department of Community Safety and Transport Management.

* New needs of 76 schools with 9 718 learners has been submitted to Department of Community Safety and Transport Management for processing.
* It was resolved that the function for scholar transport be transferred to the Education Department, however, this decision was never finalized by the Executive Council for implementation.
* The Department of Transport has issued a tender for the transportation of learners and currently negotiated temporary contracts are in use. This arrangements is not entirely assisting as some service providers discontinue their services in the middle of the month sitting non- payment of claims by the Department of Transport.
* Task team comprising of officials from the Departments of Education and Transport has been established to address the problems of scholar transport which includes compliances with coronavirus protocols.

### National School Nutrition Programme

The assessment revealed that the NSNP Conditional Grant was underspent due to the non-procurement of cooking equipment for needy schools, non- existent of nutrition centres and the volunteer food handlers who are reported to be stealing food items from schools, Progress in addressing the identified matters is as follows:

* Xstrata and Impala platinum mines donated NSNP Kitchens to schools around the mining areas in Rustenburg.
* The department has also entered into an agreement with Impala Mine on a rand for rand to build NSNP kitchens in both Bojanala and Dr Ruth Segomotsi Mompati districts. However, the number of NSNP kitchens needed in schools remains high.
* Purchased pots and gas stoves for the small schools
* School Management Teams and SGBs in all schools trained on the management of stock registers.

## CHALLENGES

* Poor performance of IEG due to factors of systems, poor planning, lack of appropriate built environment expertise in the DOE.
* Poor performance of the current Implementing Agents resulted in the appointed of DBSA.
* Interference in administration, mainly procurement processes.
* Slow progress on performance management information to improve reporting on predetermined objectives.
* Conducting audit of LTSM provision in all schools & grades. (universal coverage)
* Department unable to attract professionals in built environment or infrastructure development.
* Conducting headcount of all educators and learners.
* Poor financial and human resource management leadership and expertise.
* Poor leadership within management, without commitment to show competent skills and expertise.
* The remaining irregular expenditure still to be investigated by a reputable accounting firm was scheduled to be appointed in March 2020. Due to the coronavirus pandemic the tender will be finalized in November 2020.
* The decision for the location of the Scholar transport function is still at the level of the Executive Council.

## ASSESSMENT OF CURRENT INTERVENTION APPROACH

The assessment of the current Section 100 (1) (b) intervention approach demonstrated that a high level of wealth of knowledge and experience has been gained in the process.

Assessment of the intervention and lessons that were learnt during the intervention include, amongst others, the following:

* It became clear that the intervention requires a multi-disciplinary team comprising of strong leadership, with the full spectrum of functions augmented by external capacity in areas of insufficient skills.
* The Section 100 intervention process needs a strong administrative and political interface coupled with a strong champions of change-management.
* The weak and poorly staffed internal control, risk management, anti -fraud and corruption and internal audit units slowed down the process of addressing the issues that contributed to the introduction of the intervention. However, the intervention has done well to minimise the irregular and wasteful expenditure.
* Senior and Executive Managers often downplay the seriousness of the impact of the invocation of Section 100 (1) b, especially those who may be implicated in the identified challenges. This is in line with the previous poor responses to and non-implementation of the Auditor-General (AG) findings and recommendations. The appointment of the reputable firm of auditors or accountants or auditors to investigate irregular fruitless and wasteful expenditure was purposely delayed by senior management who may be implicated this type of expenditure.
* Poor leadership and lack of commitment by most members of management negatively impact on the service delivery and governance of the department. The continued neglect and poor implementation and compliance to the applicable legislation contributes to the slowing down of the intervention.
* The team deployed to assist the Administrator did not have sufficient expertise and knowledge for the task at hand. However, the team of officials from DBE deployed regularly to the project managed to address some of the key identified gaps.

**PRIORITIES TO BE ADDRESSED GOING FORWARD**

* Finalize the appointment of the reputable accounting firm to investigate the huge cumulative irregular, fruitless and wasteful expenditure and implement the results.
* Implementation of recommendations of the twelve (12) forensic investigations relating to infrastructure projects and supply chain management transgressions.
* Processing of condonation motivations to the Auditor General and Treasury on the R852 million investigated irregular expenditure.
* Strengthening of financial management and appointing competent supply chain management practitioners, training including consequence management.
* Implementation of the consolidated Post Audit Action Plan for the audit year 2019/20.
* Filling of the posts of Chief Director Physical Infrastructure, Chief Director Examinations and Assessment, and two District Directors and 8 SCM Practitioners
* Appointment of built professionals by head hunting to improve infrastructure planning delivery systems, monitoring and performance. Entering into performance agreements with implementing agents,
* Work with COSATMA to provide scholar transport to all deserving learners.
* Implementation of the structure of the district development model.
* Finalization of the implementation of the departmental organizational structure, which was, delayed by the labour impasse.
* Capacitation of the human resource management unit and appointment of all critical vacant posts in the department, 203 promotional posts and 139 office based posts.

## RISKS

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| **Political** |  Political Interference in the Administration |  Collapse of Governance | IMTT to provide Political Leadership and Guidance |
| **Economic**  | Reduced budget allocations | Reduced services and infrastructure development | Efficient use of the allocated budget |
| **Social** | Community protests | Negatively affecting teaching and learning  | Continue to engage communities on importance of education |
|  | COVID 19 | Implementation Delays on the Intervention Plan | Revise the intervention plans to be in line with the COVID 19 delays. |
| **Technological** | Poor Information Systems | Poor quality of information and reports for decision making | Improve quality of information systems |
| **Legal** | Absence of Legislation and Regulations to implement Section 100 of the Constitution | Lack of clarity on roles and responsibilities of role players | Develop and finalise Legislation and Regulations to implement Section 100 of the Constitution |
|  | Backlog in finalising forensic investigations |  affect the finalisation of Disciplinary and Criminal Cases | IMTT to Intervene and assist |
| **Environmental** | COVID 19 Pandemic | The departments are not able to function at full capacity  | The National Command Team is addressing the matter |

## RECOMMENDATIONS

The department should remain under Section 100(1) (b) until at least critical posts are filled, Infrastructure Issues are addressed and forensic investigations recommendations and consequence management are implemented, where after a decision for graduation to Section 100(1)(a) could be considered. However, there are a number of key programmes that would still require close monitoring.

# DEPARTMENT OF COMMUNITY SAFETY AND TRANSPORT MANAGEMENT

**Section 100(1)(b) intervention, led by National Department of Transport**

## Focus of the intervention

### Issues identified during the rapid diagnostic undertaken in May 2018

#### Lack of internal controls and systems

* The department had audit findings for the 2017/18 financial year, which were mainly due to lack of adequacy in internal controls and systems
* Finding /issues that range from the internal audit recommendations were being routinely ignored to the adverse audit findings of the Auditor General
* Audit action plans on Auditor-General findings not implemented timeously

#### Poor implementation supply chain processes and financial management

* Non-compliance with applicable SCM laws, policies and procedures
* Ineffective and poor contract management of contracts and that has led to poor financial management of resources
* The depletion of the scholar transport budget even before the end of the current financial year is potentially disruptive to the school calendar and even risks sparking unrests.

#### Inadequate and ineffective monitoring and oversight

* The financial unsustainability of the North West Transport Investments (NTI). (The NTI is a government owned bus company)

#### Lack of proper compliance and governance monitoring mainly due to non-compliance to SCM prescripts

* From a commercial point of view, NTI has long past the point of financial sustainability.
* The entity unable to make third-party payments to its creditors

### New issues that emerged following intervention

#### Inadequate contract management

* Contracts were either inadequately or not properly managed. Typical examples include, the poor management of the SA Express contract that led to AGSA categorising it as having material irregularities, irregular award and management of the learner transport contract, abuse of TR 16A4 in so far as it relates to participation in another department’s contract on learner driver and driver training; to mention but a few.
* There was no proper contract management system that led to contracts not properly monitored with regard to period thereby leading to some expiring without contingency plans made for renewals and/or extensions.

#### High levels of irregular expenditure

* Irregular expenditure was uncontrollably high with some coming from prior years, especially in relation to learner transport, security, commuter transport, to mention but three.

#### Lack of consequence management

* DC cases took long to be finalised
* Consequences were sometimes not matching the transgressions, especially with regard to irregular expenditure and weak internal controls.

#### Serious shortage of skills

* Some of the challenges and/or weaknesses could be attributed to inadequately skilled personnel in key areas, especially in financial management in general and SCM in particular; as well as contract and project management, infrastructure projects management, airport management and oversight over NTI which ultimately led to its collapse and provisional liquidation.

## Intervention approach

The assessment recommended Section 100 (1)(b) in intervening in the department. This was approved by Cabinet and an Administrator was appointed as the Accounting Officer in terms of the PFMA, Section 36(3). The Minister assumed the Executive Authority responsibilities that were enjoyed by the MEC. There is a signed Implementation Protocol which was signed by the Minister and the MEC as required by the signed MOU that details the areas of focus. Those areas, with the associated progress to date, included the following:

| **Number** | **Focus Area Description** | **Progress**  |
| --- | --- | --- |
| 1 | Analyse internal control systems and processes for effectiveness and adequacy | Developed and implemented PAAP’s, trained staff to monitor compliance, detect possible IUF’s and identified possible manipulations during the bid processes.  |
| 2 | Perform gap analysis on SCM policy and procedures to identify any shortcomings and any other areas of improvement. | Assisted by NT to develop a proper SCM and contract management system. Reviewed, updated and approved all SCM policies |
| 3 | Put in place internal control measures to address the gaps or shortcomings identified during the gap analysis. | Developed and implemented PAAP’s, trained staff to monitor compliance and detect possible IUFW’s. |
| 4 | Perform a review of the strategic plan and budget to determine if there is alignment. | Strategic plans, APP’s properly aligned to budget and prepared in terms of the framework. |
| 5 | Align the department’s budgets with the strategic plan of the department. |  Strategic plans, APP’s properly aligned to budget |
| 6 | Perform value for money analysis to ensure that the department received value on the projects that have been implemented and paid for. | Conducted several investigations on irregular contracts, set aside the learner transport contract, cancelled SAX contract and opted out of physical and aviation security contracts. |
| 7 | Investigate contract management processes for any weaknesses and implement corrective measures to ensure that contract management is in line with the relevant laws and regulations. | Conducted several investigations on irregular contracts, set aside the learner transport contract, cancelled SAX contract and opted out of security contract. |
| 8 | Review and analyse the risk assessment registers of the department to ensure that it is up to date and it addresses the identified risks and emerging risks. | Made the Risk Management unit as the best performing unit with full compliance in all areas (policy, framework, register, committee and monitoring) |
| 9 | Assess the spending patens of the department and identify potential areas for containment of costs in accordance with the National Treasury cost containment instruction. | Improved on the check list for verification of invoices and verifying all invoices paid during the intervention. |
| 10 | Provide project management on infrastructure projects to ensure that projects are rolled out effectively and efficiently in line with the department’s objectives. | Engaged NT to put in place a proper contract and project management system. Took over non-performing infrastructure projects from implementing agents. |
| 11 | Perform a review of State-Owned Entities in the department and assess its necessity and relevance to the department’s strategic objectives. | Twice pulled NTI/NWS out of liquidation, averted two more attempts, received the entity from liquidators and re-constructed records and contracts post liquidation. |
| 12 | Perform the skills analysis and training requirements within the SCM section and provide the required training. | Gaps identified in demand, contract and compliance management. Recommended re-organisation.  |
| 13 | Perform the compliance audit and put in place policies and procedures to ensure compliance with laws and regulations with the view of reducing irregular expenditure and non-compliance. | Stopped major irregular expenditure areas, namely, commuter and learner transport. Investigations completed and request to condone made to PT.  |
| 14 | Perform skills assessment to identify any other training needs within the department to capacitate the staff to improve the performance. | Gaps identified in demand, contract and compliance management. Recommended re-organisation.  |
| 15 | Assist the department in management of conditional grants to ensure that the grants are spent in line with its intended purpose. | There is full compliance with grant conditions. |
| 16 | Perform a review of the bidding processes within the department and where necessary restructure the bidding processes and bid committees. | Established a new bid adjudicated committee and introduced project specific evaluation committees’ appointments.  |
| 17 | Streamline and simplify learner transport management. | Had the High Court set aside an irregularly awarded contract |
| 18 | Provide technical engineering expertise for the design of aviation technical academy. | New airport management approached developed. The academy was coordinated through the OOP. |
| 19 | Facilitate the infrastructure funding model for the aviation technical academy. | The academy was coordinated through the OOP. |
| 20 | Review the final management letter of the Auditor-General and address the findings raised therein to improve the system of internal controls. | Developed and implemented PAAP’s, trained staff to monitor compliance and detect possible IUF’s. Developed a monitoring tool for the newly introduced MI system. |

The MEC remained the Political Head in that he was expected to appear and be accountable to the Provincial Legislature but had no Executive powers.

The financial delegations were developed in terms of the PFMA and signed between the Administrator and the HOD, as part of strengthening working relationship with the Department.

The assembled team from the Department of Transport (DOT) consisted of various officials within the Department of Transport with expertise on the matters at hand. Each official was allocated tasks as per his/her expertise.

## Progress to date in addressing triggers and new issues

**NB**. The detailed progress against the Implementation Protocol has ben included in the table in 1.3 above

### Strengthening internal control and improve Audit Outcomes

* Action plans to address the internal control weaknesses were developed and are being monitored to ensure timeous implementation by management.
* Assisted the department to respond and clear some audit findings;
* The Post Audit Action Plans (PAAP) implementation have been reviewed and prioritised to avoid recurrence and are monitored on a weekly basis by the Audit Steering Committee
* The 2018/19 audit has been finalised and a PAAP has been prepared for implementation to prioritise repeat findings. Already, PT has been approached for regularisation.
* The Post Audit Action Plans (PAAP) for the financial year 2019/2020 taking in account a qualified opinion audit outcome was developed to address matters of emphasis by AGSA
* The Post Audit Action Plans (PAAP) for the financial year 2019/2020 taking in account a qualified opinion audit outcome was developed to address matters of emphasis by AGSA and was discussed in the previous Audit Committee, Office of Provincial Accountant-General, Provincial Internal Audit and Auditor-General and have all provided inputs. The inputs were considered when finalizing the PAAP and progress is being monitored through the audit steering committee meetings.
* The main triggers of the qualified audit opinion being Scholar Transport, Commuter Transport, Contract Management, and SA Express, control measures have been developed to date to avoid recurrences and also there are continuous engagement between department and Auditor-General on recurring findings e. Commuter Transport, AS Express etc.

### Improve and streamline contract management processes

* The Departmental Revised Organizational Structure has been approved and has incorporated Contract Management Unit in order to address the poor monitoring of contracts within the Department,
* Several contracts that resulted in an increase in identified irregular expenditure like Pilanesberg Airport Management Company (PAMCO) & Mafikeng Airport Management Company (MANCO), (Northwest Transport Investments (NTI) / Learner Transport, Shaya Security (Aviation), North West Development Corporation) NWDC/Tokiso Security (Physical/Static) and Scholar Transport were terminated with some being legally and regularly continued on a month to month basis, based on the nature of the service, until new legal/ regular contracts are in place.

#### Learner Transport

* Conducted route verification process across the Province on Learner Transport. Two 2 directives/ circulars have been issued to immediately implement the **verified routes** reports and apply a **variable rate per kilometre and have been incorporated in the month to month contracts.** The two circular/ directives states in parts as follows:
* **Circular No. 1 of 2019 (11/10/2019):** While efforts are still being made to inform the affected service providers and determine a benchmarked tariff (rate per kilometre based on these investigations), all payment should, with immediate effect (signature date of this circular), be paid based on the verified distances (kilometres).
* **Circular No. 2 of 2019 (8 November 2019)**: Paragraph 4 (Specifications) bullet no’s 10,11 and 12 specifies that:
	+ **Remuneration Bus-65 Seater Model: R1.00 x Kilometre Distances x Mode Capacity x Number of School Days, e.g.** (Route distance of 20km return trip operated by a 65 seater bus for 18 school calendar days for a specific month at a rate of R1.00).
	+ **Calculation: R1.00 x 20km x 65 seater x 18days= R23 400.00 per month.**
	+ **Remuneration Mini-bus 16 Seater Model: R1.00 x Kilometre Distances x Mode Capacity x Number of School Days, e.g.** (Route distance of 20km Return Trip operated by a 16 Seater Bus for 18 School Calendar Days for a specific month at a Rate of R1.00).
	+ **Calculation: R1.00 x 20km x 16 seater x 18 days= R5760 per month.**
* Scholar transport contracts set aside by the High Court. Preparing for new contracts while in Court and approved interim arrangements that are based on verified distances and adjusted tariff regime. This means that the as of January 2020 there won’t be any irregular expenditure as a result of irregularly awarded and poorly managed learner transport contracts.
* The new contract was at evaluation stage and the Court has been approached to allow for additional time as a result of Covi-19 as well as the number of responses (2100 for 190 contracts).
* The above advertised bid was cancelled due to expiry of validity period. What contributed to the delays was the continuous closure of office due COVI-19 infections. As an interim measure extension of month of month contract has arranged with current service providers and Court was approach for review of dates. The new bid will be re-advertised together with the strictly adherence to timelines through which end-users together with Directorate Supply Chain Management will develop project plan by the end of January 2021. To date an investigation will be commissioned to determine what led to the expiry of the validity period

#### Irregular security contracts

* The security contracts at 29 sites expired on 29 February 2020 and new contracts were, at the time of writing this report being subjected to pre-award audit. The irregular expenditure on security contracts as a result of them being irregularly awarded by NWDC, which ended being incurred as of July 2020, have since been submitted to the Provincial Treasury for condonation.
* A new contract has ben advertised twice already due to anomalies detected during the pre-award processes; either as a result of incompetence, manipulation or both.
* The Shaya Contract Security that resulted in increased irregular expenditure has been terminated emanating from month to month on 31 October 2020. As interim measure quotations starting from 01 January 2021 were sought on month to month not exceeding five months till the process of procurement of the said service is finalised. The bid is expected to be advertised before the end of January 2021.
* There seems to be no interest from the Department in acquiring the Physical Security Contract, as again the bid had to be cancelled due to manipulations (suspected interest) and also the expiry of the validity period. The bid is anticipated to be re-advertised in the fourth quarter (before end of January 2021) will simplified evaluation criteria and as an interim measure quotation starting from v01 January 2021 have been sought for month to month for period not exceeding five months, while the process of procurement is initiated and finalised. To date an investigation will be commissioned to determine what led to the expiry of the validity period

#### Review of airports management contracts: MAMCO and PAMCO

* The Pilansberg Airport Management Company (PAMCO) and Mafikeng Airport Management Company (MAMCO) contracts have been reviewed and legal opinions has been obtained regarding these contracts. Letters were issued to MAMCO and PAMCO informing that the department has discontinued any further payment to them and follow up letters issued informing the two to vacate the premises (Mahikeng and Pilanesberg airports).
* An investigation on the award and management of the SA Express contract/ agreement, which includes sub-contracts with MAMCO and PAMCO, has been concluded by PWC:
* The report was provided to HAWKS by National Treasury for further criminal investigations.
* The court has been approached to set aside the MOA with ROUCOMM Systems.

#### Improve supply chain management processes

* Restructuring of departmental bid committees to ensure effectiveness is completed. Training on bidding processes for the Bid Specification, Evaluation and Adjudication committee members was conducted at the department on the 17th of January 2019 and 21 October 2020 by Provincial Treasury.
* Reviewed the Departmental Supply Management, Asset Management, Loss Control Policy, Supply Chain Management Sourcing Strategy, Cellphone and G Policy, Landline Telephone Policy.
* Terminated irregular contract – NWDC, Shaya Security, Scholar Transport, Workshop Electronix Commuter Transport, PAMCO and MAMCO

#### Improve financial management

* The continued verification of invoices has yielded positive results including but not limited to paying for actual work done, value for money, strengthening of internal controls and curbing irregular expenditure alone.
* On learner transport alone, and based on the new measures mentioned, new contract letters issued with the verified kilometres and route verified and the project is already bringing down the expenditure, as the department is now currently paying service providers as per the actual kilometres verified and the actual rate. Check lists have been developed on all payments for leaner transport as part of strengthening control. As a continued measure to continually monitor the scholar transport payments, based on the verification conducted overpayment and underpayment to service providers have been identified and once the process is finalised civil recovery will be imposed.

#### Improve on irregular expenditure

* Avoided irregular expenditure and possible litigations through cancelling three bids that were non-compliant with the SCM prescripts.
* Condonation on various contracts including Pilanesberg Airport Management Company (PAMCO) & Mafikeng Airport Management Company (MANCO), (Northwest Transport Investments (NTI) / Learner Transport, Shaya Security (Aviation), North West Development Corporation) NWDC/Tokiso Security (Physical/Static), and Scholar Transport have routed to Provincial Treasury for condonation.

 Investigations by HAWKS,SIU and PWC are currently underway for all the routed submissions to Treasury for condonation and based on the outcome of the investigation, the process of condonation will be sought.

* Furthermore, the following cases were referred to Treasury for investigation which commenced on November 2020 and the outcome will guide a process going forward in terms of condonation process.
* Office Accommodations
* Finance Lease
* Commuter Transport
* Phokeng Office
* Workshop Electronix

NB: All above investigated irregular expenditure cases submitted to the Provincial Treasury are currently under investigations and condonation will follow suit emanating from the outcome

* The Advisory Committee was established to deal with investigations of Irregular & Fruitless and Wasteful Expenditure and determine if officials should be held liable.

#### Audit outcomes

Qualified opinion- same as the previous year but with less areas that were the bases of qualification (three as opposed to four in 2018/19 and 2019/20). Prior years irregular expenditure being considered by the PT.

* **Matters of emphasis:**
	+ Irregular expenditure of R1,2bn as a result of irregularly awarded learner transport and perpetual extension of commuter transport contracts, both of which have been rectified going forward;
	+ Material uncertainty on contingencies- as a result of not fully quantifying claims of litigations that have not been resolved (either through settlement or court processes);
	+ Restatement of corresponding figures that could lead to double counting.
	+ The identification of overpayment resulting from scholar transport route verification conducted- calculation have concluded
	+ Occurrence on Commuter Transport – New appointment to date has been prepared and issued to service providers
	+ Payment made to SA Express

All of the above matters have been included in both the PAAP and a Directive (Circular) to clear urgently clear them.

#### Public entity oversight (North West Transport Investment: NTI)

Following hereunder are key observations related to NTI:

* *Governance and leadership*
* NTI has been without a Board for longer than a year.
* The CEO and key Executive positions are vacant.
* Corporate governance is almost non-existent.
* *Operations and commercial sustainability*
* The company currently has around 50 buses that are operational and has leased 130 buses to augment its bus complement, thus before the current intervention, there were 180 buses in operation. When fully operational based on the revised timetable, the company requires 607 buses, thus it is currently operating at approximately 60% capacity, which is not sustainable.
* Close to 300 of the company’s buses are grounded due to lack of funds to acquire spare parts so as to ensure that the company has contract compliant buses
* NTI’s fleet is in serious disrepair. Its buses are old – a large percentage is over 27 years old – and over two-thirds of its 607 buses are currently non-operative. The age of the buses and the lack of maintenance as a result of funding constraints has meant that running costs are high.
* Operations are threatened by the fact that NTI is in arrears with most of its suppliers and service providers, including spare parts, fuel and maintenance services to the tune of R350m.
* NTI’s financial predicament fails the section 4 Companies Act solvency and liquidity test.
* The company is financially distressed as contemplated by section 128 of the Companies Act.
* NTI’s IT systems are out of date, and it has no means of monitoring buses or bus drivers in the course of operations. This creates revenue leakage through uncollected fares or failure to bank cash from fares. As the organisation’s situation has become more precarious, so it appears pilfering and revenue leakage has increased.
* NTI was put under provisional liquidation on **22 August 2019** through an application by one of the creditors and the court has appointed liquidators. Therefore, the powers of the Board and to some extent, the Shareholder, have been curtailed. Decisions are now subject to the approval of the liquidators and to some extent, the creditors.
* *Overview of developments and current status at NTI*

On **5 May 2020** the provisional liquidation of NTI which was in place since 22 August 2020i, was discharged by the Mahikeng High Court. While substantial progress has been made to date, a lot still needs to be done to propel NTI to financial stability.

On **18 May 2020,** NTI, through the COSATMA, presented to the Shareholders proposals to improve the liquidity of the company and set it to a path of financial sustainability. Other recommendations included the removal of the Board based on two legal opinions that indicated that the appointment was void ab initio, given that the appointment was made when NTI was already under provisional liquidation as well as:

* assemble a team of experts to accept the company from the provisional liquidators (Caretaker Team) for a period of three to six months,
* re-negotiate bus lease contracts,
* selling of non-core assets,
* repair and maintenance of buses,
* improve fare collection,
* improve debt collection,
* negotiate with Gauteng to re-instate the ABS contract,
* participate in learner transport as part of developing a further footprint in the Province, and
* reduce the overhead (personnel) costs

In implementing the above measures, that were also approved by the Shareholders, the following progress has been achieved (including the expected cost savings and/or revenue to be generated):

| **No.** | **Task** | **Target Date** | **Progress**  | **Financial implications (cost saving/ estimated revenue)** |
| --- | --- | --- | --- | --- |
| 1 | Staff the Interim Management Structure  | 1 July 2020 | Prospective candidates have been identified and will be absorbed when funding improves. There is an urgent need to capacitate/ strengthen the Finance Section, particularly the Treasury and Budget Office. | N/A yet |
| 2 | Rental of buses (to regularize the previous arrangement and add the fleet to be GDRT contract compliant), in a phased approach. | 6 July 2020 | The Provincial Treasury has given a deviation approval to embark on a limited bidding process to lease 500 buses; however, it was felt prudent to start at 350 based on financial considerations and the ideal fact of NTI recapitalizing and gradually having its own fleet. The award for the procurement of 350 rental buses, with prices having been negotiated from the current R76 000 to R68 000, has been made and contract concluded after, receipt of the PFMA Section 54(2) approval has been obtained from the Minister. The contract started in November 2020.  | 350 X (R76 000 - R68 000) = R8 000 per bus per month = R2 400 000Total = R2 800 000 |
| 3 | Procure service providers to supply diesel | 6 July 2020 | The procurement process has been finalized and awards (of a panel of three suppliers) made. The new contracts commenced on 1 September 2020. | Not yet quantified; depends on installation of fuel monitors and controls to stop leakages/ pilferage. |
| 4 | Procure service providers to dispose redundant and non-core assets and do PFMA Section 54(2) submissions | 4 July 2020 | The Provincial Treasury has proposed a deviation in terms of SCM Instruction Note 3 of 2016/17, to embark on a limited bidding process. The awards were made to two service providers and SBD7.2 (contracts) concluded after receipt of the PFMA Section 54(2) approval has been obtained from the Minister. Work has already started and both on-line and public auctions could be concluded within a month. Phase One that consisted of two auctions, that included 103 scrapped buses 21 scrapped light vehicles and 3 properties, were held in November resulting in an income of R46 million. Phase Two will take place in January 2021 that will include 3 more properties and a further estimated 150 scrapped buses. The total revenue is likely to exceed the expected R60 million. Unfortunately R3 million from a portion of the buses has been interdicted from being paid to NTI by a creditor who obtained a default judgement in February 2020. | Market value for land and properties = R56 700 000Estimated value of scrapped buses = R3 400 000Total = R60 100 000So far R46 000 000-00 will be collected from the already held auctions. |
| 5 | Procure service providers to collect debts owed to NTI | 6 July 2020 | The start of this process awaits the procurement of a panel of legal practitioners whose call for proposals has already commenced. | Estimated amount owed to NTI = R78 000 000Estimated amount recoverable = R30 000 000 |
| 6 | Procure service providers to automate ticket sales and fare collection | 6 July 2020 | The procurement process has been finalised and awards made. The new contract started on 1 October 2020.The process is delayed by the backroom architecture that was housed by a third party. | Current average monthly cash sales collection = R5 000 000 (20%)Estimated monthly collection based on automation and increased fleet = R20 000 000 (80%) |
| 7 | Apply for overdraft facility in terms of Section 66 of the PFMA read together with the Borrowing of Provincial Government Act | 1 July 2020 | This mater has been temporarily put in abeyance, pending the expected revenue from the other measures that aim to improve the liquidity of the entity. | N/A |
| 8 | Procure services of physical and cash in transit security | 31 July 2020 | The bids are at evaluation stage | Not regarded as revenue |
| 9 | Procure External Audit Committee services | 18 July 2020 | Call for nominations has been advertised. | Not regarded as revenue |
| 10 | Finalise the sub-contracting of the ABS portion of the contract with GDRT. | 11 July 2020 | Discussions with Labour and GDRT have already taken place and both support the move. Discussion have been concluded with the service provider whom NTI owes R138m (at the last count). This will save an estimated R24m per annum on drivers’ salary bill. The Minister has given consent as part of the PFMA Section 54(2) approval. A sub contracting agreement has been concluded with the creditor and the proceeds are to offset the debt. GDRT has consented to the arrangement. The agreement was implanted with effect from 1 November 2020. | Estimated cost saving on the driver’s salary bill = R2 100 000 per month. |
| 11 | Formulate a way forward on 2018/19, 2019/20 and 2020/21 AFS’ in relation to the role played by the provisional liquidators. | 6 July 2020 | The Office of the Accountant General has assisted with the finalisation the 2018/19 AFS’ and the audit by the AGSA has commenced. Advice on the way forward in relation to 2019/20 and 2020/21, given the disruption by the provisional liquidation period, has been solicited from the OAG. A notification to the MEC has been made and the expectation is for the MEC to notify the Legislature in terms of PFMA Section 65(2)(a). | N/A |
| 12 | Participate in learner transport as part of developing a further footprint in the Province | New | Discussions need to commence as a matter of extreme urgency, with COSATMA, to insource a portion of the scholar transport function, seeing that the tender process in that regard has commenced. COSATMA is not legally obligated to outsource the entire programme but can utilize NTI to operate a portion of the routes, especially those on the Western side as they are closer to depots and maintenance facilities. Currently NTI depends on the contracts with GDRT and should they be cancelled or withdrawn then NTI will have to close down. A formal request in this regard will be made before the current learner transport bidding process is concluded.The 2018/19 audit by AGSA has commenced and in progress after completion of the AFS’. | Based on 30% set aside for in sourcing= R460 000 000 (annual budget) = R138 000 000 (per annum) = R13 800 000 per month. |

These measures could set NTI to financial prudency and sustainability. If they are not well managed, NTI may as well start winding down for purpose of liquidation/sequestration. Emerging development that could see the forced demise of NTI include the following:

* The gap between revenue and expenditure as well as assets and liabilities that continue to grow bigger,
* An estimated R200 million is still owed to creditors with seven of them, including the AGSA, already having issued letters of demand,
* The future of about 600 workers remain uncertain and close to 20 000 commuters will be negatively affected, and
* Gauteng Department of Roads and Transport have given NTI an ultimatum to get its house in order, or lose the contracts.

On the other hand, the following should be prioritized to sustain the progress made thus far:

* The Shareholder must urgently identify an individual (or individuals that will take over from the Caretaker CEO/Accounting Authority) now that a path for financial recovery has been paved,
* Start the process of appointing the Board of Directors to return the entity to prudent corporate governance,
* Embark on a restructuring process to streamline functions and align the entity to its core business,
* Prioritize the filling of critical vacancies, starting with Budget and Treasury Office/Unit (which have to be restarted from scratch)
* Preparation of the Corporate Strategy/APP for 2019/20 and 2020/21,
* Continue with cost containment measures to avoid further until solvency test is passed.

#### Application of Consequence Management

* Disciplinary actions are underway based on the three completed reports, one investigation (led by NT) is at the final stage and the other, led by the SIU, has just started. The SIU and the AFU have commenced with losses recovery processes.
* Except for the SIU proclamation that extended the scope, investigations of learner transport have been completed. Charges have been prepared for perpetrators and the HAWKS and AFU are handling the criminal cases. There are still ongoing consultations between National Treasury, Provincial Treasury and the HAWKS until the criminal matter has been finalised. Due to COVID-19 infection on AFU staffs, consultations were deferred to January 2021.
* Investigation of SA Express was completed by PWC and the report was submitted to HAWKS and AFU by National Treasury. There is ongoing consultation between HAWKS, National Treasury and Provincial Treasury until the criminal matter is finalised. Due to COVID-19 infection on AFU staffs, consultations were deferred to January 2021.
* 2 criminal cases, (36/5/2020 for learner transport and 182/5/2020 for SA Express) have been opened and are investigated by the Hawks.
* DC cases table:

| **Date received**  | **Level** | **Race** | **Gender** | **Nature of offence** | **Date finalised** | **Status of the case** | **Sanction** | **Number of days to finalise the case** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31/05/2018 | 7 | A | F | Unbecoming Conduct | 22/10/2020 | Finalised | 2 Months Suspension without pay | 312 days |
| 20/07/2018 | 9 | A | F | Fraud | Not finalised | Hearing Stage |   |   |
| 06/11/2018 | 7 | A | F | Negligence | 10/02/2020 | Finalised | Final Written Warning | 273 days |
| 16/01/2019 | 9 | A | M | Negligence | 02/09/2019 | Finalised | Case closed. | 101 days |
| 16/01/2019 | 7 | A | M | Unbecoming Conduct | 13/11/2019 | Finalised | Case closed. | 229 days |
| 03/03/2019 | 12 | A | M | Arranging Protest Action | 30/09/2019 | Employee Resigned. | Case closed. | 126 days |
| 06/05/2019 | 8 | A | M | Conducting business with government | 30/08/2019 | Finalised | Employee resigned | 83 days |
| 06/05/2019 | 8 | A | M | Negligence | 12/12/2019 | Finalised | Dismissal | 138 days |
| 27/05/2019 | 5 | A | M | Dishonesty | 02/09/2019 | Finalised | Dismissal | 88 days |
| 11/06/2019 | 8 | A | M | Negligence | 22/07/2019 | Finalised | Employee resigned | 40 days |
| 29/05/2019 | 7 | A | M | Misuse of state vehicle | 19/11/2019 | Finalised | Two months suspension without pay | 110 days |
| 24/06/2019 | 13 | A | M | Dishonesty | Not finalised | Awaiting outstanding documents from SIU |   |   |
| 24/06/2019 | 12 | A | F | Dishonesty | Not finalised | Awaiting outstanding documents from SIU |   |   |
| 24/06/2019 | 13 | A | M | Misrepresentation of facts | Not finalised | Not finalised. Awaiting date from IO to interview witnesses and finalise investigation. |   |   |
| 17/07/2019 | 8 | w | M | Contravention of transport act | 28/02/2020 | Finalised | Final Written Warning & 3 Months Suspension | 147 days |
| 24/06/2019 | 13 | A | M | Bringing image of the department into disrepute | 28/02/2020 | Finalised | Counselling | 168 days |
| 24/06/2019 |   |   |   | Irregular appointment of Traffic Learners | Not finalised | Not finalised. Awaiting date from IO to interview witnesses and finalise investigation. |   |   |
| 12/08/2019 | 7 | A | M | Fraudulent claims | 14/11/2019 | Finalised | Final Written Warning | 68 days |
| 14/08/2019 | 13 | A | M | Undermining and challenge the authority of the Administrator | 03/03/2020 | Finalised | Written Warning | 13 |
| 28/08/2019 | 8 | A | M | Misrepresentation of facts | Not finalised | Hearing Stage |   |   |
| 17/09/2019 | 7 | A | M | Insubordination | 11/11/2019 | Finalised |   | 43 days |
| 17/09/2019 | 7 | A | F | Insubordination | 11/11/2019 | Finalised |   | 43 days |
| 19/09/2019 | 12 | a | M | Failure to disclose | 5/11/2019 | Finalised | Final Written Warning | 37 days |
| 19/09/2019 | 12 | a | M | Failure to disclose | 5/11/2019 | Finalised | Final Written Warning | 37 days |
| 19/09/2019 | 12 | A | f | Failure to disclose | 5/11/2019 | Finalised | Final Written Warning | 37 days |
| 19/09/2019 | 12 | A | M | Failure to disclose | 5/11/2019 | Finalised | Final Written Warning | 37 days |
| 19/09/2019 | 12 | A | F | Failure to disclose | 5/11/2019 | Finalised | Final Written Warning | 37 days |
| 19/09/2019 | 12 | A | F | Conducting business with government | 31/09/2020 | Finalised | Employee passed away before the process can be finalised | 60 days |
| 19/09/2019 | 13 | A | M | Conducting business with government | 31/09/2020 | Finalised | Case withdrawn during DC hearing as new evidence came to light ((declaration of interest was made on the system)  | 60 days |

* More cases will be included when the learner transport investigation by NT is completed

## Priorities that still need to be addressed

* Finalising key contracts that were cancelled due to irregularities/illegalities need to be concluded (under close supervision- before section 100(1)b) ends)
* Outstanding investigations and consequence management on concluded
* Intensify consequence management by accelerating DC’s against perpetrators
* **Clearing of the Auditor-General audit findings and prepare for the upcoming audit**.
* Foster condonation of the irregular expenditure and regularizing
* Foster contract management through adjudicating all outstanding contracts
* **Fast-tracking the process of taking NTI out of liquidation**
* Streamline and provide support on the AFS
* Develop a fit-for-purpose organisational structure
* **Setting NTI on a financial sustainability trajectory after the successful liquidation discharge**
* Finalise/regularise irregular expenditure,
* Set NTI to financial sustainability (also appoint a Board and key executives)
* Finalise fit-for-purpose organisational structure
* Clear repeated AGSA negative findings.

## Challenges and risks

### Challenges

* Delays in resolving irregular, fruitless and wasteful expenditure.
* Lackadaisical approach in attending to urgent matters.
* Poor contract management and monitoring of projects within the department. To date the departmental organization structure has been approved and has incorporated Contract Management Unit, albeit inadequate.
* Slow and poor implementation of audit action plans. Weekly Audit Steering Committee is sitting wherein Programmes are present their action plans and are interrogated and also DoT has been requested to assist in this regard.
* Skills deficiencies in financial management in general and SCM, Contract and Project Management as well as preparation of AFS particular.

### Risks

* Regression: there is very little indication that those being trained are ready to operate without supervision. There are serious capacity challenges in key areas.
* Over reliance on the DOT Intervention Team with little effort to learn.
* There seems to be interest at play to frustrate the saving of NTI out of provisional liquidation.

|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| --- | --- | --- | --- |
| **Political** | * Push back against the intervention
 | Inability to internalise the gains of the intervention that could result in regression | Political intervention |
|  | * Deliberate distortion of roles
 | Compromised intervention | Re-assertion and proper clarification of roles based on experience to date leading to possible amendment of the Implementation Protocol |
|  | * Tendencies to influence administrative actions
 | Distortion of roles | Proper clarification of roles between Administrator, MEC and HOD |
| **Economic**  | * Inadequate budget for learner and commuter transport that could lead to the compromise of service delivery
 | Compromised service delivery to the vulnerable | Province to allocate learner transport budget based on reliable data and DOT to review PTOG allocations. |
| **Social** | * Inadequate budget for learner and commuter transport that could lead to the compromise of service delivery
 | Compromised service delivery to the vulnerable | Province to allocate learner transport budget based on reliable data and DOT to review PTOG allocations. |
| **Technological** | * Poor contract and project management
 | Missing of key milestones in relation to contract terms, conditions and periods | Develop a proper contract and project management systems |
|  | * Lack of infrastructure management system
 | Poor delivery of key infrastructure projects | Develop a proper infrastructure projects management system |
| **Legal** | * Very high contingency liabilities caused mainly by a centralised white fleet management system
 | Over-expenditure caused by non-payment by user department | Decentralise fleet ownership and management in line with the PFMA |
|  | * NTI oversight
 | Poor performance by the entity- which in this case led to it being provisionally liquidated. | Strengthen oversight |
|  | * High litigation occurrences
 | This could lead to fruitless and wasteful expenditure | Strengthen the legal services unit  |
| **Environmental** | * Inadequate office space
 | Overcrowding and inhabitable working conditions | Engage Public Works for additional office space |
|  | * Skills deficiency
 | Poor and under performance | Develop a fit-for-purpose organisational structure and re-skill where possible |

## 4. Assessment of current intervention approach

The provincial department needs to be capacitated with the requisite skill to deal with the challenges that necessitated the intervention, especially in financial management in general and SCM, demand management, contract management in particular, as well as project management, airport management, infrastructure management and public entity oversight.

The Department is not yet ready to be left alone. There are a number of key programmes that still needs support, e.g. finalisation of the complex security (which is to be re-advertised yet again due to avoidable errors) and the learner transport that has been awarded irregularly and managed poorly since 2010.

# NORTH WEST DEPARTMENT OF PUBLIC WORKS AND ROADS

*Section 100(1)(b) intervention, led by National Department of Public Works and Infrastructure*

## Focus of the intervention

### Issues identified during the rapid diagnostic undertaken in May 2018

The National Department of Public Works and Infrastructure intervened in the North West Department of Public Works and Roads to address challenges that were identified by Ministerial Task Team and the National Council of Provinces on its operating environment. The team identified the following ten areas of intervention which formed part of the initial diagnosis:

1. Building and Roads Projects/ Infrastructure
2. Facilities Management (Maintenance)
3. Property Management
4. Expanded Public Works Programme (EPWP)
5. Stakeholder and Client Management
6. Financial Management
7. Budget and Supply Chain Management
8. Human Capital/ Roads & Built-environment Professionals
9. Performance Management and Corporate Governance
10. Service Delivery Improvement Plan (SDIP)

### New issues that emerged following intervention

The following matters emerged as the intervention got underway:

1. The absence of critical executive management staff in the department due to disciplinary processes
2. The absence of a functional and organisational structure
3. Expanded Public Works Programme had other Community Based Programmes that had collapsed such as Cooperatives, Brick Making Plants and the Vuk’Uphile Contractor Development Programme
4. Backlogs on the Payment of Rates and Taxes to Municipalities
5. Backlogs on the transfer of land portions to communities, government departments and municipalities
6. The loss of Public Works mandate to client departments and a non-existent project management capability
7. Backlogs on the procurement of yellow-fleet and equipment
8. Backlogs on the condonation of irregular expenditure dating back over ten years
9. A weak supply chain management (SCM) process to procure for the entire provincial administration
10. A huge vacancy rate
11. Absence of IT systems and programme

## Intervention approach

the intervention Team developed a Memorandum of Understanding (MOU) and the Responsibility Matrix which were aimed at supporting the implementation of the Protocol of Engagement signed between the IMTT and the Provincial Executive Council. The Memorandum of Agreement is a tool aimed at managing the relationship between the Minister, Administrator and the Member of the Executive Council (MEC) on the implementing the intervention in the department.

In terms of the MOU, the Minister of Public Works and Infrastructure became the Executing Authority (EA) of the department in line with the Public Service Act. The MEC was delegated powers in terms of the MOU to take care of inter-governmental functions and responsibilities of the Executing Authority such as representing the Minister in the Provincial Executive Council and the Provincial Legislature.

A Responsibility Matrix was also developed and signed between the Administrator, Head of Department and the Executive Management Team to manage relations and responsibilities among them. As a result an intervention plan with activities was developed and agreed upon between the Administrator, Director-General and Minister with activities to be carried out by the Intervention Team.

A team of officials was also put in place with a champion for each of the ten (10) intervention areas. The Administrator and team have gone further to structure the intervention plan into a Turnaround Programme with the aim of ensuring that the intervention has a sustainable effect into the operations of the department. In terms of the turnaround programme, the team has further fused the ten areas of intervention plan into six areas of focus as follows:

1. Fighting Fraud and Corruption
2. Stabilising Management
3. Improved Financial Management
4. Improved Human Resources
5. Improved Service Delivery
6. Improved Audit Outcomes

The above mentioned six areas of focus are further programmed into turn around phases namely:

1. Stabilisation
2. Efficiency Enhancement and
3. Sustainability and Growth.

The stabilisation phase was implemented from the beginning of the intervention until June 2019. This phase was intended at stabilising the functioning of the Provincial Administration by achieving the following:

* Fighting Fraud and Corruption – Identify irregularities, investigate, consequence management, criminal prosecution, recovery of losses, condonation of irregular expenditure
* Stabilise Management – Review Governance Structures and operationalise them
* Improve Financial Management – Streamline Financial Delegations, Strengthen internal controls, Review budget and Manage expenditure
* Improve Human Resources Management– Review Organisational Structure and submit for approval, Asses vacancy rate and capacity, Recruit and appoint, Review and Resuscitate performance management
* Improve Service Delivery – Review Performance of core delivery units, develop service delivery improvement plans, asses community complaints and provide responses
* Improve Audit Outcomes – Review audit outcomes, develop and implement clean audit action plan

The Administrator and Team have successfully achieved the above deliverables by June 2019 and a report in this regard was tabled to the IMTT. The Intervention Team is currently implementing the Efficiency Enhancement Phase of the turn-around focusing on the same areas. The implementation has been refocused to also address the directives of the Inter-Ministerial Task Team.

In terms of the directives, the provincial departments have been requested to include in their implementation plans revised areas of focus as determined by the Inter-Ministerial Task Team (IMTT). The revised areas of focus are aimed at guiding the efficiency enhancement phase of the intervention with a view to measure the performance of the team. The revised areas of focus are the following:

1. Accelerate service delivery (War room, MTSF priorities/District model)
2. Fast-track criminal investigations, prosecutions and asset recovery
3. Fast-track priority labour-related disciplinary cases
4. Fast track recruitment for key positions
5. Condonation of prior year irregular, unauthorized and F&W expenditure
6. Establishment of sound financial management systems
7. Implement transversal ICT projects
8. Implement transversal change management programme

The sustainability and growth phase will be implemented as the last phase of the intervention. The phase will be informed by the outcome of an assessment of the efficiency enhancement phase which will only be conducted at the end of the second quarter of 2020. The assessment will be informed by progress reports and the audit outcomes for 2019/2020 financial year.

It should be noted that the three phases of the turn-around are interlinked, integrated and seamless and as such they may not be considered apart from each other. The assessment outcome will further inform if the department is ready to transcend from Section 100 (1) (b) to Section 100 (1) (a) of the Constitution of the Republic of South Africa Act.

## Progress to date in addressing triggers and new issues

The Administrator and team have commissioned a number of service delivery assessments and intervention projects relating to the service delivery operations in the department. These interventions led to the following service delivery improvements:

### Accelerate service delivery (War room, MTSF priorities/District model)

The Intervention team participates and reports to the Provincial War Room on strategic projects implemented in the department. The War room is coordinated by the Office of the Premier under the auspices of the North West Coordinating Committee.

In terms of the provincial and departmental Medium Term Strategic Framework (MTSF), the department’s priorities are aligned to the provincial and national priorities. Our focus as a department is to improve rural roads and contribute towards job creation and opportunities through the Expanded Public Works Programme (EPWP) and other Community based Programmes.

The departmental Strategic Plans are also aligned to the District Service Delver Model as part of the provincial and national Priorities. The Intervention team has developed the terms of reference for an inter-governmental forum that is intended to coordinate the District Service Delivery Model. The structure will be launched at the end of August and will consist of the Member of the Executive (MEC) and the Members of the Mayoral Committee (MMCs) responsible for infrastructure in the Municipalities. There are further opportunities to realign more with the District model in the outer years of the MTEF period.

### Building Infrastructure

Unblocking construction projects for client departments namely; Arts, Culture, Sports and Recreation (ACSR), Social Development, Health, Community Safety and Transport Management (COSATMA) and Education. The intervention team has started a process of enforcing compliance by client departments with the provisions of the Government Immovable Asset Management Act (GIAMA). The process is aimed at improving planning and implementation of projects for the current year while targeting full implementation in the new financial year. The Development Bank of Southern Africa has been given the task to assist all provincial departments with planning as a build up towards the development of a Provincial Infrastructure Plan.

The team has established a business unit to focus specifically on managing relations with client departments. The Provincial Treasury has made funding available and positions will be filled in the beginning of the financial year. The department has resuscitated an inter-governmental forum to coordinate and manage infrastructure matters in the province. The team has coordinated meetings with client departments and participated in the PMTEC meetings of all departments to ensure synergy and coordination.

The Administrator and Team have initiated a special intervention into the programme to deal with the weaknesses and challenges affecting the business unit. The business unit was not in a position to reconcile the planning and implementation of projects and produce performance reports in line with its Annual Performance Plan. The intervention team has been able to intervene and create a baseline on all projects under planning, design and construction. The business unit’s APP, Operations Plan, B5 List and Commitment Registers have been reconciled for streamlined project implementation and reporting.

The intervention has been a success since the business unit has been able to produce a reliable B5 list for the coming MTEF period. This process has led to an improved audit outcome on performance information for Programme 2 which moved from a disclaimer to an unqualified opinion.

The intervention team is in the process of reviewing the work breakdown structure in line with organizational structure of the unit as well as the review of business processes. The Development Bank of Southern Africa is assisting with the review of the processes and the deployment of ten (10) qualified professionals to assist with project planning and implementation. The DBSA is busy with interviews and there is hope that the team will join the department soon.

The Intervention team has conducted a review of all the Mega Infrastructure Projects that were initiated in the fifth administration with a view to establish their financial viability and determine a way-forward on their implementation. These projects were initiated without proper feasibility studies and do not appear in the Provincial Infrastructure Plans and B5 Lists. They have to date costed the provincial government in excess of R500 million planning and design costs while others are still owing and the invoices are not paid. There is a matter that is in court regarding the upgrading of Mahikeng. The Intervention team is in discussions with MOAD JV regarding the stadium with an intention to resolve the existing dispute. The review reports will be tabled at EXCO. Detailed progress reports were submitted to the Minister of Public Works and Infrastructure with recommendations and the Minister has approved that the matter be settled out of court and that the department must approach the Premier and Provincial Treasury to source additional funding to settle the matter. The matter is being discussed at NWCC with a view to get to EXCO.

### Facilities Management

The intervention team has conducted an assessment on the enhancement of Occupational Health and Safety of properties used by the provincial government. A report was prepared and submitted to the Provincial Executive Council and IMTT. The condition assessments will be used to determine maintenance requirements and office space requirements for the provincial government. The department has conducted an assessment of office space requirements. Based on the requirements, a multi-tenancy office space process has been developed and submitted to the Provincial Treasury to determine a funding model. The Intervention Team has also started discussions with the Public Investment Corporation (PIC) to jointly invest and develop another multi-tenancy office park to augment the office requirements for the province. The project has a potential to accommodate three additional departments in the province. This will assist in improving the office space ownership from 60/40 to 70/30 split and more over a period of time.

The intervention team has processed and paid all the rates and taxes owed to Municipalities in the financial year 2018/2019. An additional once off budget was sought from the Provincial Treasury of R80 million to augment the allocated budget of R297 million. A total of R375 million was paid in the 2018/2019 financial year. The department paid rates and taxes for the current account to the tune of R321 as per verified invoices from Municipalities against an allocation of R331 million. The department has already started paying rates and taxes for 2020/2021. To date, R305 977 million has been paid from a budget of R318 634 million. The budget for rates and taxes has a R90 million short fall and the department has approached Provincial Treasury to address the gap.

| **2018/2019** | **2019/2020** | **2020/2021** |
| --- | --- | --- |
| **Budget**  | **Expenditure** | **Budget** | **Expenditure** | **Budget** | **Expenditure To date** |
| R297mR80m (Additional) | R375m | R331m | R321m | R318m | R305mR90m (shortfall) |

The Administrator and Team are in the process of transferring 108 (**12 924** hectares) Land portions to Communal Property Associations through the Department of Agriculture and Land Affairs. The land donations have been approved by the Premier and the Executive Council. The department is in the process of transferring a further 5 portions (**159.8** hectares) of land to Municipalities as a contribution towards the land reform programme in the province. We have transferred **19,9** hectares to the Government Agencies and national departments.

The intervention team has been working on a process to dispose 476 properties which are redundant to state`s domestic needs and are no longer contributing to service delivery objectives of the provincial government. The disposal will relieve the provincial government on expenditure incurred on the payment of rates and taxes but also assist on the purchasing of additional office space for the provincial government. The department has been directed by the Minister to appoint an audit firm to assist with occupation and advice on the disposal process. The proceeds of the sale or revenue to be generated is aimed to assist in funding the multi-tenancy office accommodation for the provincial government.

The department has engaged the Development Bank of South Africa to start rolling out the Total Facility Management project with Garona and Old Parliament Complex identified as pilot sites. The project will also incorporate the Prestige facilities in the province. The project has stalled and the department is contemplating to advertise a tender to address the gap.

### Roads Infrastructure

The Intervention Team has developed a Roads Recovery Plan that is divided into four phases and aimed at unlocking the provincial roads maintenance. The first phase (on 31roads) of the plan was implemented in the fourth quarter of 2018/2019 financial years and the second phase (on 26 roads) was implemented in the first and second quarter of 2019/2020. The third and the fourth (42 roads) phases are still in implementation and a total of 109 roads have been implemented since the implementation of the Roads Recovery Plan.

The department is implementing 13 strategic capital and rehabilitation road network projects of which six (6) are upgrades from gravel to surface standard that are aimed at supporting the socio-economic development of the province while the other seven (7) are rural roads aimed at improving service delivery to communities. The Roads Infrastructure projects have to date created 9 035 (82%) job opportunities against a target of 11 000 job opportunities.

The total budget for roads infrastructure for the financial year 2019/2020 was R2 113 336 Billion including a R354 Million roll-over amount from the financial year 2018/2019. A total of R1, 806 483 (85.5%) Billion was spent and a further R295 million was committed for roll-over into the financial year 2020/2021. Recorded expenditure on the PRMG was R1 050 327 (78%) and Equitable Share R756 156 Million (98.3%). The Intervention Team has successfully procured yellow machines in the form of Graders and TLBs in the department for the first time in the past three financial years at an amount of R28million. The equipment is going to be used to maintain rural roads in the province.

The intervention team started with the implementation of 2020/2021 projects in the beginning of the financial year. The allocation for 2020/2021 was R898 748 million for the PRMG and R378 623 million for the Equitable Share. The implementation of projects was delayed by the COVID 19 lockdown but were opened during level 4. To date, the expenditure for roads as at end of October 2020 was sitting at R 516 156 million (57.4%) for PRMG and R156 693 million (41.4%) for Equitable share. The combined percentage of expenditure is sitting at 52.7%. The expenditure for roads has improved besides the COVID 19 pandemic challenges.

The province is currently bedevilled by commitments and pronouncement of 18 roads to the tune 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 insufficient funding for roads upgrades from the equitable share remain a challenge to the roads upgrade programme. The Administrator and Team have successfully motivated to the Premier and the Executive Council for an increment in the Equitable Share for roads in the province. The increment is aimed at addressing the demands for roads upgrade from gravel to tar by various communities in the province.

The Premier has since announced in his State of the Province Address an increase of the departmental equitable share allocation for roads from R900 million to R1.6 Billion over the MTEF period as part of addressing above mentioned pressures. The department has prepared submissions to Infrastructure South Africa (ISA) to benefit from the Economic Recovery Funds to address rural roads in the province. The possibility is that the department will be allocated an additional R87, million in the current financial year (2020/2021) to address the challenges. The discussions with ISA and the National Department of Transport are at an advanced stage.

### Community Based Programmes

A number of assessments were done to address the challenges facing the community based programmes (EPWP). The Administrator has commissioned financial viability and resuscitation of (65) Cooperatives; (15) Brick Making Plants; (62) Vuk’uphile Contractor Development Programme enrolled contractors), (8 531) Iterele Roads Maintenance Programmes and the newly created SMME Development programme that has 40 contractors on site and has created 600 direct job opportunities. The programmes are now having programme implementation plans and allocated funds for optimal operation in the current financial year and over the MTEF period. All above mentioned projects are reported on a quarterly basis.

The department has coordinated the creation of 37 897 work opportunities through the EPWP Programme in the 2019/2020 financial year. This programme is implemented through provincial departments and municipalities. To date a total of 23 708 job opportunities were created by the provincial departments against a target of 23 678 and the Municipalities are lagging behind with a total 8 512 against a target of 14 219. national departments with a footprint in the province have created 32 543 job opportunities. The sum total of job opportunities created by all three spheres of government in the province is 62 752 job opportunities created.

As a result, the department was given an incentive bonus of R15 million for 2020/2021 financial year by the National Department of Public Works and Infrastructure for improved performance in the 2019/2020 financial year.

### Fast-track criminal investigations, prosecutions and asset recovery

The department has opened three criminal cases against officials and external members of the public for various crimes including contravention of the Public Finance Management Act, fraud, and intimidation of staff and members of the intervention team. The criminal cases were opened against the Head of Department; Mr Pakiso Mothupi and Ayamah Engineering Consultants for fraud and contravention of the Public Finance Management Act, The Director of Majantsipe Project Managers for fraud and the members of the Mahikeng Business Forum for intimidation.

A task team has been formed in the Premier’s Office to fast track criminal investigations, prosecutions and recovery of assets. The National Treasury and the Justice Cluster are attending to the matter.

### Fast-track priority labour-related disciplinary cases

The department has nine (9) disciplinary cases of which seven involve members of the Senior Management services (7) and two (2) at Middle Management Level (MMS). All the disciplinary cases relate to the contravention of the Public Finance Management Act (PFMA). The department has one Executive Management position on suspension (Head of Department) pending the finalisation of a disciplinary hearing. The case involving the Chief Director Roads was finalised and the Minister has signed a dismissal letter. The case involving the Head of Department should be finalised during the efficiency enhancement phase depending on the speed of processing it. The case involving the Director Legal Services was served with an intention to face a disciplinary hearing and he subsequently resigned.

### Fast track recruitment for key positions

The Intervention Team has finalised a transitional organizational structure and the structure was approved by the Minister of Public Works and Infrastructure and Public Service and Administration. The Team has also identified further operational weaknesses in the departmental organisational structure relating to project management capacity, Information Technology and the span of control for a number of functions within the Human Resources Management Unit of the department.

A total of 285 positions were advertised in line with the structure and 146 positions have been filled to date. There are additional six (6) SMS positions that have been advertised including the position of Chief Financial Officer. The Chief Financial Officer position has been finalised while the others are at interviewing stage.

|  |  |
| --- | --- |
| **SMS Position** | **Status** |
| Chief Financial Officer | Filled |
| Chief Director Buildings | Head Hunting Exercise |
| Director: SCM | Interviews, Competency Assessment and Offer Letters - Waiting Approval |
| Director: Legal Services | Interviews, Competency Assessment and Offer Letters - Waiting Approval |
| District Director: Ngaka Modiri Molema | Interviews, Competency Assessment and Offer Letters - Waiting Approval |
| District Director: Bojanala | Advertisement |

### Condonation of prior year irregular, unauthorized and F&W expenditure

The audit outcomes for the financial year 2019/2020 have shown a significant improvement even though it remains a qualified opinion. The department had eight (8) areas of qualification in the 2017/2018 financial year and have reduced them to 6 in the 2018/2019 financial year and progressed to three (3) in the 2019/2020. The intervention team has been able to improve the following areas of qualification since the beginning of the intervention:

* Contingent Liabilities,
* Expenditure for Capital Assets,
* Accrued departmental revenue,
* Provisions,
* Performance management and
* Immovable assets.

The Department of Public Works and Roads has developed an audit action plan to monitor the implementation of the exceptions raised by the Auditor-General in the previous financial years. A number of findings are recurring over a number of financial years and are still not resolved. The Post Audit Action Plan (PAAP) for 2019/2020 has been developed and will be approved by the Audit Committee on 11 November 20202..

The department had an irregular expenditure bill of R4,3 billion dating back over ten years and the majority of cases remain unresolved as some of the information is either not available at all or not readily available. The team has been able to process irregular expenditure of over R660 million and recommended them to Treasury for condonation. The Provincial Treasury has made an assessment with recommendations for further work. The irregular expenditure for 2017/2018 financial years was sitting at R493, 5 million and has been brought down to R240, 5 million since the intervention. A Committee has been established at Provincial Treasury as an intervention mechanisms to fast track the condonation process.

|  |
| --- |
| **Audit Outcomes** |
| **Basis of Qualification** | **2018/2019** | **2019/2020** |
| Irregular Expenditure  | Qualified | Qualified |
| Goods and Services  | Qualified | Qualified |
| Prepayment | Qualified | Qualified |
| Work In Progress | Qualified | Unqualified |
| Provisions | Qualified | Unqualified |
| Performance Management  | Disclaimer | Unqualified |

### Establishment of sound financial management systems

The Administrator and Team have reviewed the supply chain committees and established additional internal control committees aimed at improving governance in the department. The team has established a Budget Committee, Audit Steering Committee responsible for the implementation of the Post Audit Action Plan and the Bids Variation Committee to consider all variations and make recommendations to the Accounting Officer.

As part of ensuring transparency and accountability, the Administrator and team have appointed an external audit firm to conduct due diligence on all procurement projects in the department. The project is at an infancy stage and will be reviewed to test its effectiveness. The department is also utilising the Provincial Internal Audit Unit to conduct post award compliance and due diligence on all awarded projects above R10 million as an additional measure to curb irregular, fruitless and wasteful expenditure in the department.

The department has further appointed additional procurement (SCM) committees to ensure a speedy, effective and efficient procurement process.

### Implement transversal ICT projects

As part of the phase two (2) intervention plan, the department will be rolling out automated systems that are aimed at supporting operations of the department and addressing audit outcomes from the Auditor General`s report. The majority of the weaknesses in the department are as a result of non-availability of systems and information to support decision making.

The office automation systems will be integrated with the next phase of IDMS implementation. The automation process will include business systems that are aimed at supporting Construction Management, Project Management, Contract Management, Performance Management, Inventory, Fleet Management and Asset Management Systems. A procurement process is underway to identify suitable systems for purposes of procurement.

### Implement transversal change management programme

The Transversal Change Management Programme is coordinated centrally from the Office of the Premier.

## Priorities that still need to be addressed

|  |  |  |
| --- | --- | --- |
| **Priorities** | **Mechanisms to Deliver** | **Expected Completion Date** |
| Finalize the Organizational Review Process | Review the Structure for Programme 2 and creation of Resident Project Management Capacity | March 2021 |
| Filling-In of Critical Vacancies | Fast Track the Sitting of Interview Panels | December 2020 |
| Finalization of Ayamah and Open Waters Forensic Investigations | Follow-Up with National Treasury on the Forensic Investigations | ASAP |
| Finalization of all MMS and SMS Disciplinary cases | Fast Track the Disciplinary Hearings and Obtain Legal Opinions on Withdrawals | September 2020 |
| Implementation of IDMS | Capacity Building from DBSA | March 2021 |
| Finalise the Assessment of all Mega Projects | Finalise Reports and Facilitate Alternative Dispute Resolution Mechanisms and Payment of all Outstanding invoices | December 2020 |
| Office Space and Multi-Tenancy Office Project for the provincial government | Facilitate a Decision from Provincial Treasury on the Appraisal of the Funding Model | ASAP |
| Finalise Transfers of Land | Bilateral Meeting with the Department of Agriculture, Land and Rural Development | December 2020 |
| Sale of Redundant Properties | Conduct an audit on the status and occupation of lessees in the different houses.  | March 2021 |
| Implementation of Total Facility Management | Implementation through MOU with DBSA | March 2021 |
| Implementation of Information Management Systems | Plan and Roll-out of the internal information management systems. | March 2021 |

## Challenges and risks

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| **Political** | Continued Political Interference in the Administration | Another Collapse of Systems and Governance | IMTT to continue to provide Political Leadership and Guidance |
| Instability at Local Sphere of Government (Municipalities) | Provincial government inherits all the service delivery challenges | IMTT to provide guidance on the Local Sphere of Government |
| **Economic**  | Economic Recession | Increase the cost of doing business (Roads) | Review of the Implementation and Procurement Plans |
| Appointment of an Audit Firm to conduct Due Diligence on all Procurement Contracts from Specification to implementation. | Lack of confidence on the procurement system | Advertise a tender and appoint a service provider to assist the department |
| **Social** | Resistance to Change | Non implementation of the recommendations of the Intervention team | Transversal Change Management Programme |
| COVID 19 | Implementation Delays on the Intervention Plan | Revise the intervention plans to be in line with the COVID 19 delays. |
| **Technological** | Absence of Information Systems | Reliability of information and reports for decision making | Implementation of information systems |
| Insufficient Equipment and Machinery (Yellow-Fleet) | Affecting service delivery in the department | Department to procure more equipment and machinery (Yellow-Fleet) |
| **Legal** | Absence of Legislation and Regulations to implement Section 100 of the Constitution | Lack of clarity on roles and responsibilities of role players | Develop and finalise Legislation and Regulations to implement Section 100 of the Constitution |
| Backlog in finalising forensic investigations | They affect the finalisation of Disciplinary and Criminal Cases | IMTT to Intervene and assist |
| Backlog in finalising criminal cases and prosecution of those involved in corruption | They create an impression that there is no consequence management | IMTT to Intervene and assist |
| Backlog in finalising disciplinary actions | Disciplinary cases rely on forensic investigations report as evidence. | IMTT to Intervene and assist |
| **Environmental** | COVID 19 Pandemic | The departments are not able to function at full potential  | The National Command Team is addressing the matter |

## Assessment of current intervention approach

The intervention in the Department of Public Works and Roads in the North West is moving at a slow pace mainly because of the absence of key intervention team members and Executive Management to assist the Administrator on the implementation of the intervention, turn-around and the Annual Performance Plan. It has proven impossible to implement the intervention and the turn-around plans outside the normal operations of the department.

The intervention team was depleted over time and currently the team consist of the Administrator and one technical manager (Architect) who is assisting in terms of coordinating the implementation of the intervention plan for the Public Works Programme. The sourcing of external capacity from the Development Bank of Southern Africa (DBSA) to assist in closing the gaps has taken longer than anticipated. The newly sourced capacity from the DBSA will only be joining the department on 1 February 2021 and will consist of ten (10) resources to assist with projects planning and implementation and the implementation of the Total Facility Management programme. The position of the Chief Financial Officer will also be filled effective from 1 April 2020. The continued suspension of the Head of Department will cause a huge gap at the time of transition from Section 100 (1)(b) to 100 (1) (a) and the appointment of an Acting Head of Department will remain critical.

The department does not have critical electronic or information management systems to assist management with reporting and decision-making. The absence of these systems affect project, contracts, assets, records and other critical management functions of the department. The implementation of systems has been fast-tracked through the utilisation of the National Treasury transversal contracts and will only start to yield results at the end of the second quarter of 2020/2021 financial year.

The delays in the implementation of a transversal change management programme still poses a risk to the intervention. One of the key challenges facing the intervention is the level of resistance at political and administrative level of the organisation. The internal stakeholders view the intervention as being part of the problem than a solution and as such they continue to send a negative message to our external stakeholders and members of the public.

The political situation in the province still pose a number of challenges for the intervention in the department. The service delivery weaknesses at the local sphere of government are still a challenge as the provincial departments are expected to intervene in areas that could have been dealt with by the local sphere. The roles and responsibilities of political leadership at a provincial level in line with the provisions of Section 100 of the Constitution also poses a challenge to the success of the intervention.

## Recommendations

The department should transcend from Section 100(1)(b) to Section 100(1)(a) with effect from 1 April 2021 with specific directives to address the outstanding priorities. The improved audit outcomes for 2019/2020 financial year have shown a significant improvement that warrants a movement from Section 100(1)(b) to 100(1)(a).

# PROVINCIAL TREASURY

*Section 100(1)(a) intervention, led by National Treasury*

## Focus of the intervention

### Issues identified during the rapid diagnostic undertaken in May 2018 were:

* Weak Supply Chain Management processes and systems at municipalities and sector departments leading to high rate of irregular, unauthorized, wasteful and fruitless expenditure as exposed by the Auditor General South Africa(AGSA).
* Condonation of Irregular Expenditure - The province had a number of contracts that were deemed irregular by the Auditor-General (AG). However, due to the critical nature, impact on service delivery and other contractual obligations these contracts could not simply be cancelled.
* Provincial Treasury was not effectively exercising oversight over provincial supply chain function within departments, entities and municipalities.
* North West department of Health was not sufficiently funded.
* Municipalities tabled unfunded budgets

### New issues that emerged following intervention (Mainly relating to condonation of Irregular Expenditure)

* Most contracts have been irregular over many financial years; this created a challenge with regards to availability of information required by the Office of the Chief Procurement Officer (OCPO) to assess the applications for condonations according to the Irregular Expenditure Framework published in 2018 and it’s Instruction Note.
* Common challenges on applications was the lack of evidence for consequence management, assessment report, audit report, value for money and measures put in place to prevent recurrence of the transgressions.
* The nature of transgressions covered a wide spectrum of Supply Chain Management (SCM) legislative framework.
* The estimated value of contracts submitted for condonation was ±R2.94 billion excluding those with an unspecified value.
* Submissions were from the following departments:
	+ Office of the Premier
	+ Tourism
	+ Culture, Arts and Traditional Affairs
	+ Community Safety and Transport Management
* Education (amount not specified)
* North West Gambling Board
* Public Works

## Intervention approach

National Treasury deployed Supply Chain Management (SCM) officials within the Provincial Treasury to conduct a diagnostic assessment of the financial management challenges within the province. Based on diagnostic analysis of how well the Provincial Treasury (PT) is implementing its mandate the decision was to place PT under section 100(1)(a) of the South African Constitution, 1996.

National Treasury issued directives to the Provincial Treasury to address the identified problems. Directives were implemented through the following activities:

* Review SCM blue print for provincial departments, entities and municipalities;
* Institute measures (e.g. Post Audit Action Plan) to assist institutions to comply to audit processes and improve audit outcomes;
* Conduct skills audit for Municipal Financial Management Act (MFMA) and provincial Supply Chain Management (PSCM) units and fill all critical posts;
* Implement revenue enhancement strategies and put measures in place to improve revenue collections;
* Implement credit control and debt management in municipalities;
* Relocate North West Development Corporation (NWDC) from the Office of the Premier to Department of Economy and Enterprise Development (EED);
* Credible budgeting at local government and provincial departments with the focus on Health.

### Description of how the intervention team was resourced

The intervention team consisted of the executive and senior management officials within the Provincial Treasury whom their directorates were mostly affected by the invocation of Section 100 and senior management officials from National Treasury from the respective functional areas.

### Key actions taken at the outset of the intervention.

The delegated senior management officials from National Treasury had several meetings to elaborate on the implementation of the directives before engaging other units within the National Treasury for endorsement and support. Engagements between the National Treasury and the Provincial Treasury identified amongst others capacity issues for the implementation of the directives especially form the Supply Chain Management and Municipal Finance Management units. A number of capacity building workshops were conducted in particular with the provincial Supply Chain unit and the SCM unit of provincial departments.

The Provincial Treasury did not have the capacity to investigate the irregular expenditures identified from various departments and that responsibility was given to the National Treasury’s Office of the Procurement Office unit.

Furthermore, the following actions were instituted at the outset of the intervention:

* Develop directives and action plan for Supply Chain Management;
* Allocation of a full-time resource stationed a Provincial Treasury Supply Chain Management (PSCM) Programme;
* Assessment of Provincial Supply Chain Management Programme, from institutionalisation to oversight capacity;
* Matching Provincial Treasury PSCM key personnel to National Treasury counterpart;
* Review all ICT existing contracts;
* Compiling all provincial contracts above R10 million for assessment by National Treasury;
* Implementation of the Contract Management System
* Conduct engagement sessions with all relevant stakeholders within the department;
* Conduct business process flow and GAP analysis for SCM with particular emphasis on contract management; and
* Assist in developing Standard Operating Procedures for contract management that aligns to the contract management principles of the Provincial Contract Management Framework (CMF).
* Review of all contracts within the province that over R1 million
* Quarterly reporting on PPR 2017 designated groups, up to district level, through National Treasury Business Intelligence Tool;
* Identifying all irregular expenditure incurred by the provincial departments and their Entities.
* National Treasury (NT) assessed all the submitted applications for condonations and they were finalised except for the Department of Tourism, Culture Arts and Traditional Affairs and North West Gambling Board that were sent back in line with the implementation of the 2018 Irregular Expenditure Framework. None of the applications were condoned due to incomplete information.

## Progress to date in addressing triggers and new issues

The following progress has been recorded in relation to the implementation of the Section 100 Directives received from National Treasury:

* SCM framework for provincial departments and entities was reviewed, approved, communicated and adopted;
* PSCM Organizational Structure was approved in August 2018, placement of staff and recruitment of key personnel was done and still in progress;
* Completed competency assessment for approximately 720 SCM officials for both the MFMA and PFMA and individual competency gaps identified;
* NT assisted the PT to finalise a Contract Management Framework (CMF) for the Province and identified 3 (three) departments to rollout the CMF to with the intention that the PT will replicate the process to other departments;
* Engagements with Departments of Education (DoE) and Health already commenced. Report to DoE finalised. Awaiting communication from the department on finalising the Standard Operation Procedures(SOPs);
* Irregular contracts were identified, investigated and got a break through on a scholar transport contract;
* To speed up Condonation of irregular expenditure, panel of expert investigators were appointed to assist provincial departments with complicated matters. All service providers have finalised the scoping and have commenced engagements with the Departments. The phase 1 of the project is underway and is envisaged to take 20 days;
* National Treasury conducted forensic investigations and provided criminal investigations support to Directorate for Priority Crime Investigations (DPCI). Number of cases involved was ten (10) and all the forensic investigations have been completed by NT.
* Forensic reports were shared with the DPCI and other bodies like NPA and AFU for further prosecution and/or processing and recovering of state funds
* Revenue enhancement strategy for PFMA was approved, communicated and adopted for implementation;
* Relocation of North West Development Corporation (NWDC) from the Office of the Premier to Department of Economy and Enterprise Development (EED) was completed;
* Engagements and workshops on contract management were conducted with the senior managers and service provider for the departments of Education and Health;
* Phase 1 of the contract management project for municipalities instituted by the Provincial Treasury has been completed. About 2 872 contracts have been identified at a value of R12.3 billion. However, only 2 551 contracts are captured in the municipals registers and 1 284 contracts or 50.3 per cent were found to be irregular;
* The project was deferred due to lockdown and now resuming from January 2021. The following activities are currently underway:
* Conducting financial and legal review on contracts
* Updating the contract register
* Establishing contract managements units at municipalities
* Provincial Treasury with the support of the National Treasury continues to implement budget processes including holding provincial visits and MTEC engagements with provincial departments leading to the tabling of main and adjustment budgets from 2018/19 to 2020/21;
* National Treasury is about to conduct a review of PFM practices within the health department. The main objective of the study is to introduce an efficient and effective service delivery model that will be cost effective and within the sector's norms and standards, this will further assist in ensuring that Health department’s budget is credible.

Instruction note on appointment of contracts above R10 million was issued to provincial departments with the majority of contracts being received by Provincial Treasury for auditing from department of Public Works and Roads and circular note was issued to municipalities;

* Municipal Financial Management unit structure was approved in November 2019. Two additional district were included in the structure meaning that all four districts will have directorates placed within the district. Matching and placing the current staff establishment has commenced and will be concluded end March 2020 then the recruitment process to fill the structure will follow;
* Interviews for District Directors conducted and expected to assume duty by the end of March 2021;
* Implemented contract management programme in all municipalities and work is still in progress;
* Invocation of sec 216 of the Constitution that means the withholding of equitable share funding, where there is persistent non-compliance with MFMA and on municipalities who failed to adopt funded budget as per NT ‘s funded budget strategy; and
* Provincial Treasury (PT) assessed the financial health and status of twenty (20) delegated municipalities to determine their state of finances. To this end 13 municipalities in the province are in financial crisis and the PT will place them under mandatory intervention and assist them to implement financial recovery plan.

## Priorities that still need to be addressed

|  |  |
| --- | --- |
| **Priority Area** | **Related Activities** |
| Condonation of irregular expenditure. | * Assist in the preparation of condonation files
* Develop a committee to assist the departments and entities to finalise the consequence management at the Office of the Premier
* PT review the condonation files and present the completed files to the Condonation Committee
* Monitor the progress very closely and report to NT on a quarterly basis.
 |
| Implementing phase three of the contract management project for municipalities  | * Utilise existing panel to finalise next phase which entails establishing contract management training, support and hand holding
* Review and assessment of irregular contracts including collation of contractual commitments by municipalities.
 |
| Undertake skills audit and upskilling of municipal Budget and Treasury Office(BTO) and Provincial Treasury’s MFM unit | * Working in collaboration with NT capacity building for development of municipal competency statements across all MFMA functional areas. PT will then appointment a panel to subject the remaining municipal budget and treasury official and Provincial MFM staff to the skills audit. The following capacity building sessions are underway targeting 360 officials:
	+ Certificate in Local Government Municipal Financial Management NQF Level 6.
	+ Certificate in Supply Chain Management NQF Level 6
	+ Certificate in Accounting NQF Level 3
	+ Certificate in Accounting Technician NQF Level 4
	+ Municipal Finance and Administration NQF Level 4 and level 5
 |
| Filling of vacant positions within MFMA and PSCM units at the Provincial Treasury  | * Total posts for provincial SCM is 58 with 26 filled and 32 vacant to be filled.
* Recruitment process for MFMA to commence after undertaking matching and placing exercise
 |
| Municipal intervention – Invocation and Implementation of sec 139 of the MFMA. Putting financially ailing municipalities under provincial administration. | * Appointment of a panel. Specification for the panel has been drafted and currently in consultation with NT for inputs. Sec 154 of MFMA support in line with the Constitution implemented at Bojanala DM
 |
| Develop implementation plan for SCM capacity building support  | * Provincial SCM Capacity Building Implementation Plan (2020/21 – 2021/22)
* Education and Training Development interventions resulting from competency assessments results of 720 SCM practitioners.
* SCM Learnership Certificate (NQF Level 5) at departments and Entities.
 |
| Engagements and workshops on contract management to continue within few departments. | * The Contract Management Framework was developed in collaboration with NT and workshopped to departments and Entities in October 2019
* A circular together with contract register framework was developed and disseminated to departments and Entities
* To date five departments have been assisted by PSCM to complete the new register framework
* Rollout implementation of the contract management framework was conducted on 2 selected departments being Department of Education and Health.
* Department of Community Safety and Transport Management is pending for contract management workshop.
 |
| Assist departments, public entities and municipalities to improve their audit outcomes. | * Continue the support programme which is currently running into the future years
* Ensure Entities implement Governance Structure such as Board, Risk management Committees, Audit Committees etc.
* Develop capacity within the Entities
* Assist in the implementation of post audit action plan(PAAP) in the departments and entities through deploying officials their offices
* Improve monitoring and reporting
 |

## Challenges and risks

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| **Political** | Lack of cooperation by departments with specific reference to DoE | The effect of the project delay cannot be compounded as the report on initial engagements that proposed the finalisation of SOPs and the practical implementation of the CMF was been awaiting the inputs from for over a month that a decision was taken to finalise same without the inputs.  | The department to recommit to the project to enable NT to finalise the SoPs and piloting the contract register |
| Lack of cooperation by departments in submitting relevant information to make informed decision for condonement of applications | Applications will not be condoned and this will have a bad reflection on the province’s financial statements | Provincial Treasury to utilise the team of experts to assist departments to identify and submit required information for condonation process  |
| **Economic**  | Lack of human resources within the PT and NT to fast track the roll out of contract management as well as review of all contract above R10 million | NT will only be able to assist with the roll out on only the (3 three) departments identified above as the NT | Increase capacity of resources for the roll out of contract management within the province placed within the PT working together to be the extended arm of NT |
| Unquantifiable compensation of current contractors | Risk of litigation if contracts were to be cancelled to initiate new contracts that comply with SCM processes and procedures | Finalisation of condonation process and negotiations to cancel certain affected contracts |
| **Social** | Negative impact of irregular contracts on service delivery  | All the contracts are critical to service delivery | Initiation of new contracts that comply with SCM procedures |
| **Legal** | Current change in the SCM process in the Department of Health since the department has been placed under Administration. | Current change in the SCM process in the Department of Health since the department has been placed under Administration will affect the contract management systems that must be put in place as a contract is the end result of a procurement process. If the SCM system is wrong and does not align to the SCM legislative prescript, it may affect any contract management process that is in place. This may also result with most contracts being unlawful if a was awarded as a result of a compromised SCM system and all payments that are as a result of such contracts will result in irregular expenditure. | The department to realign their SCM process to SCM prescripts with regards to the operation of BSC and BEC. |
| Suspension of the establishment of SCM tribunal until such time that Proclamation Bill is passed at the parliament. | There no legislated platform where service providers can raise their grievances and most of them are taken to the courts | The Draft Procurement Bill is issued for public inputs. |
| Unquantifiable compensation of current contractors | Risk of litigation if contracts were to be cancelled to initiate new contracts that comply with SCM processes and procedures | Finalisation of condonation process and negotiations to cancel certain affected contracts |

## Assessment of current intervention approach

The current strategy is appropriate but needs to be equipped with dedicated capacity to assist us with the challenges alluded to in 3 above.

SCM units in particular are not well capacitated and officials have poor understanding of the SCM value chain. This include contract management units which must be capacitated with officials that are competent and skilled accordingly. The capacity that is needed is the officials that understand contract management in the public sector differs significantly to contract management in the private sector as contract law is highly legislated in public sector as opposed to in the private sector which is still largely based in common law. Consequently, National Treasury is assisting with contract management skills and putting systems in place to avoid contracts that are concluded in contravention with the legislation.

There is no accountability and consequence management for transgressions of SCM framework. The office of the Premier is leading with the implementation of consequence management and this process need to be prioritised.

## Recommendations

National Treasury to continue in monitoring and supporting the Provincial Treasury as it implements the directives through Section (100) (1)(a) of the South African Constitution (1996).

# DEPARMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

*Section 100(1)(a) intervention, led by National Department of Cooperative Governance and Traditional Affairs*

## Focus of the intervention

### Issues identified during the rapid diagnostic undertaken in May 2018

The Inter-Ministerial Technical Task Team conducted the performance assessments of the then Department of Cooperative Governance and Human Settlement by visiting two municipalities namely, Ditsobotla and Madibeng Local Municipalities on 9-10 May 2018 respectively to make a determination on the state of these municipalities in so far as governance and service delivery are concerned. Subsequently, the former Minister of Cooperative Governance visited several municipalities to conduct similar exercises.

After the extensive engagements with external and internal stakeholders between 30 April to 17 May 2018, Cabinet then resolved to invoke section 100(1)(a) of the Constitution at the Department of Cooperative Governance and Human Settlement (now referred to as the Department of Cooperative Governance and Traditional Affairs, herein after referred to as “the Provincial CoGTA”. Subsequently, the Minister responsible for Cooperative Governance and Traditional Affairs issued nine “Directives” to the Provincial CoGTA in terms section 100(1)(a) of the Constitution due to amongst others, failure to finalise appropriate approved organogram for the local government component. As a result of this failure and lack of human capacity to support municipalities, majority of the municipalities in the province were in dire straits and in a state of collapse. This was evident in the report issued by the Auditor-General that showed that North West province is the third province amongst all provinces with worst performing municipalities.

Some of the high level findings were that the Provincial CoGTA had more turnover of both political and administrative leadership in the past five years that impacted and caused instability. It was further established that the department operated with an interim organisational structure and was still waiting the approval by the Premier and the Minister responsible for Public Service and Administration. The Provincial CoGTA obtained a qualified audit opinion over the past 2 years, with notable recordings of irregular expenditure related to contravention of supply chain management processes, non-compliance to legislated Construction Industry Development Board requirements; and payments to contractors and suppliers were processed and paid-up, although milestones and or targets were not achieved. The provincial department also took certain initiatives to support municipalities along with other role-players. However, the overall impact on municipal performance have been less optimal as the majority of municipalities are currently in dire straits.

Challenges facing the Provincial CoGTA were attributed by the separation of the local government component from the traditional affairs, and merging the departments with the human settlement and arts and culture components respectively in 2014. Since then, the Provincial CoGTA experienced challenges with the finalisation and approval of an organisational structure, and other challenges; and the local component of the department is not capacitated to support municipalities due to failure of the structure aimed at appointing skilled personnel within the local government component.

Whilst the Provincial CoGTA was issued with the Directive, the Provincial Executive Council in the North West invoked interventions in 13 municipalities in the province in terms of Section 139 (1)(b) of the Constitution and Section 137 of the Municipal Finance Management Act to address challenges facing municipalities.

### New issues that emerged following intervention

Several issues emerged during the intervention such as:

* + 1. Lack of budget to fund the fit for purpose organisational structure for the Provincial CoGTA.
		2. Failure of municipalities to implement directive issues in terms of Section 139(1)(b) of the Constitution.
		3. Majority of municipalities in the province are facing governance problems ranging from political in-fighting, political instability to political mismanagement including incidences of Municipal Council’s inability to perform their executive obligations as required by the Constitution or legislation, non-performance of top management and conflicts between top management and councillors. The most glaring difficulty experienced by most municipalities was financial mismanagement and viability. Often this has been due to lack of adequate systems and capacity to effectively manage the financial situation in the municipality. The result is typically that the municipality does not raise sufficient revenue due to poor budgeting, poor tariff policies, weak billing systems, poor infrastructure management lack of internal control e.g. related to revenue management, fraud and misuse of municipal funds due to lack of risk management and lack of credit control/ failure to implement credit control and debt collection policies. Lastly, the lack of service delivery and or poor provision of sustainable of services to communities. In some municipalities, tariffs were not cost reflective. There is little or no spending on repairs and maintenance resulting in distribution losses or services not rendered.

## Intervention approach

A three (3) day session was held between DCOG, Provincial CoGTA and sector departments to draft an implementation plan on the directives. In response to municipal finance management issues emanating from the directives, Provincial CoGTA collaborated with Provincial Treasury to address challenges related to financial management. On service delivery the Provincial CoGTA collaborated with the Department of Water and Sanitation, MISA and other relevant sectors. The nine “Directives” were divided into strategic focus areas, with 25 interventions and 39 activities, which were identified and agreed upon together with key stakeholders that included the Provincial Treasury, National Treasury, Department of Water and Sanitation, MISA, DPSA, and the Premier’s Office.

In response to section 100 (1)(a), the MEC issued a directive to all 22 municipalities in terms of section 139 (1)(a) instructing municipalities to take corrective measures as per the directive. The MEC directed that all 22 Municipal Councils must meet and commit by June 2018, through Municipal Council resolutions, to implement the MEC’s “Directives”. The “Directives” were divided into 5 “strategic areas” with each having several key activities. The Strategic areas included that all the 22 municipalities:

(i) Failed to sustain or render uninterrupted services to the communities;

(ii) Lack of credible and implementation of Post Audit Action Plans;

(iii) Provided inadequate administrative capacity to improve service delivery;

(iv) Failed to fill vacant senior management positions; and

(v) Failed to spend conditional grants.

A team led by DCOG Director General and HoD Provincial COGTA was established to monitor progress on the directives and Section 139(1)(b). DCOG technical team worked with the Provincial CoGTA to produce Section 100(1)(a) report for IMTT.

Subsequently, in September 2018, the Provincial Executive Council invoked section 139(1)(b) of the Constitution at five (5) municipalities; and three (3) were intervened in terms of section 137 of the Municipal Finance Management Act, 2003 (MFMA) to deal with financial challenges in these municipalities. In May 2019, further six municipalities were subjected to interventions in terms of section 139(1)(b) of the Constitution.

It is of note that these provincial interventions seems not to have yielded the desired outcomes as some of these municipalities are further seen as regressing in carrying out their executive obligations’ performance. There have been court challenges in some instances when the province invoked section 139(1)(b) of the Constitution. At the same time, in some of the municipalities, there have been concerted resistance to the invoked interventions.

Nine (9) Directives were issued in terms of section 100(1)(a) of the Constitution against the Provincial CoGTA, namely:

1. **Directive 1**: Failure to finalise organizational structure for the past 4 financial years;
2. **Directive 2**: Failure to monitor and support municipalities in terms of section 154 of the Constitution, and sections 31 and 105 of the Local Government: Municipal Systems Act, 2000;
3. **Directive 3**: Failure to support municipalities in their human settlement and spatial planning in terms of the applicable built environment regulatory frameworks;
4. **Directive 4**: Failure to support municipalities in terms of provisions of municipal basic services such as water service provisions;
5. **Directive 5**: Failure to support the development and implementation of Audit Plans;
6. **Directive 6**: Failure to monitor appointments of Senior Managers in the municipalities;
7. **Directive 7**: Failure to deal with municipalities with bloated organisational structures;
8. **Directive 8**: Failure to support municipalities to plan and spend government grants such as INEP; MIG and etc.; and
9. **Directive 9**: Failure to support municipalities to develop revenue enhancement plan.

## Progress to date in addressing triggers and new issues

There has been minimal impact and or implementation of the nine (9) Directives. The state of the Provincial CoGTA remains as is and municipalities are still not stable. Out of the nine Directives, only one Directive relating to filling of position has been achieved and the rest of the directives remain not achieved. Details of the progress and achievements of each Directives is illustrated in the table below.

The table below illustrates directives, activities milestone and progress achieved by the provincial department in persuasion of implementation of Section 100 (1)(a) and Section 139 (1)(b) of the Constitution:

| ***SECTION 100 (1)(A) DIRECTIVE IN TERMS OF THE CONSTITUTION*** |
| --- |
| ***No*** | ***NATURE OF DIRECTIVES*** | ***ACTIVITIES*** | ***MILESTONE*** | ***PROGRESS*** | ***IMPACT*** | ***STRATEGIES FOR IMPLEMENTATION*** |
| ***Yes*** | ***No*** |  |
| **1.** | **Failure to finalise the organizational structure for the last 4 financial years.** | * 1. Finalise the organizational structure to be in line with generic structure approved by MinMEC.
 | * 1. Approved Structure
 | * 1. The draft organizational structure was concurred by the Minister for Public Service and Administration on 04 October 2019.
	2. Concurred structure is not fit for purpose. Even though DPSA has concurred with the proposed structure, the department does not have a Generic approved structure for COGTA.
	3. Prior the approval of the concurred structure by the Minister on 04 October 2019 two proposed structures were developed and consulted with Office of the Premier for inputs, and submission of same to DPSA.
	4. However, it was not recommended by Office of the Premier due to insufficient budget to accommodate district model, hence the department could not submit the proposed structure to DPSA for approval**.**
 |  | No | * 1. Development of new organizational structure for Provincial CoGTA by Organisational Development (OD) Specialist and DPSA.
	2. Development of District model Organizational Structure.
 |
|  |  | 1.2 Source additional funding to augment the difference on current allocation. | 1.2 Funding approved for organizational structure. | * 1. MTEF budget confirmed by Provincial Treasury indicates an upward adjustment in the compensation of employees (C.O.E) allocations from the initially stated R296, 2 Million to R326.032 Million(+ R29.8 Million) for 2019/2020 financial period.
	2. Another upward adjustment in the C.O.E allocations from the initially stated R312,5 Million to R340, 5 Million (+ R28 Million) for 2020/2021 financial period; and R360,6 Million budgeted for C.O.E for the financial year 2021/2022.
 |  | No | Development of strategy to leverage funding for organizational structure the fit for purpose |
|  |  | 1.3 Recruitment, selection and appointment process on approved structure. | 1.3 Prioritized key positions filled. | 1.3. Ten (10) positions filled based on the old structure at the levels ranging from Senior Administration Officer to Deputy- Director were prioritized. 1.3 Five (5) position were filled; Municipal Performance System; Waste Management, Basic Service and two (2) Town Planners.1.3 Five (5) positions namely: Monitoring & Evaluation; Professional Engineer; Control Engineering Technician; Deeds Administration and MIG at the levels ranging from Senior Administration Officer to Deputy- Director have been advertised. |  | No | Position to be prioritized in accordance with approved organizational structure that is fit for purpose. |
| **2.** | **Failure to monitor and support municipalities in terms of Section 154 of the Constitution and Section 31 and 105 of the Local Government: Municipal Systems Act, 2000.** | 2.1 Finalize Municipal Support Plans of 22 Municipalities. | 2.1 Support Plans costed and adopted by 22 Municipal Councils | 2.1 Supported all 22 municipalities with the development of Municipal Support Plans.2.2 Developed Municipal Performance and Planning Monitoring and assessment Tool automated by the Office of the Premier. |  | No | Review current Support Plans and costing of all 22 municipalities. |
|  | 2.2 Facilitate adoption of support plans by Municipal Councils |  | 2.2. Municipal Support Plans for all 22 municipalities developed and adopted by Municipal Councils. |  | No | Implementation of support plans monitored and reported quarterly at Council meetings.  |
|  | 2.3 Implementation of joint programmes at 12 priority municipalities. | 2.3 Ensure well-functioning municipalities.2.3 Improve service delivery and regain trust of community in the municipalities | A joint Support Plan/ programme was developed together with all stakeholders (SALGA, DWS, COGTA, PT, MISA, forming part of the Municipal Recovery Programme. |  | No | Development of strategy to implement joint programmes and enhance accountability [District Development Model Approach]. |
|  | 2.3.1 Determination of capacity required to the 12 municipalities | Support Plan developed and adopted by Municipal Council |  |  | Determination of capacity required of 22 municipalities. [Powers and Functions] |
|  | 2.3.3 Determination of form of collaboration with stakeholders | 2.3.3 Collaboration areas were identified with SALGA, CoGTA, DWS, PT, and MISA. However, strategy to implement and monitor implementation thereof not developed.  |  | No | Development of clear collaborations strategy to implement joint programmes. Including multi-disciplinary teams from sector departments and deployment thereof. |
|  |  | 2.3.4 Determination of multi-disciplinary task team for hands-on support and period thereof. |  | Multi-disciplinary task team constituting of DWS, Provincial Treasury and MISA were deployed at certain municipalities. |  | No | Deployment of multi-disciplinary teams to support and monitor to implementation of the district support plans. |
|  |  | 2.3.4 Report on a monthly basis on the outcomes of the support with clear recommendations. | Progress Reports of 12 municipalities. | Periodic progress 12 municipalities were developed without recommendations. |  | No | Development of periodic reporting and monitoring templates. |
| **3.** | **Failure to support the municipalities in their human settlement and spatial planning in terms of the applicable built environment regulatory frameworks** | 3.1 Lack of coordinated planning between Human Settlement and municipalities on township establishment processes. | 3.1 Improved planning between the Department of Local Government and Human Settlements (dlghs) and municipalities. |  |  | No | Development and monitor integrated planning strategy. [Not one size fits all] |
| 3.2Joint planning forums established. |  |  | No | Joint Planning Forums must be established with all identified stakeholders. |
| **4.** | **Failure to support municipalities in terms of provisions of municipal basic services such as water service provisions.** | 4.1 Clarifying the roles and responsibilities between Water Services Authorities (WSA) and Water Services Provider (WSP)  | 4.1 Service Level Agreements (SLA) between Water Services Authorities (WSA) and Water Services Provider (WSP) in Ngaka Modiri DM and Dr Ruth S Mompati DM reviewed | 4.1NgakaModiriMolema all the local municipalities have signed the SLAs ending in June 2020.The district is currently preparing for the new SLA with Ramotshere LM.4.2 DRSM DM only Lekwa Teemane, Greater Taung LMs have signed the SLAs and Sedibeng Water.4.3 Naledi and Mamusa SLAs are still outstanding, only Kagisano Molopo and Lekwa-Teemane signed in DRSM.  |  | No | Facilitate finalization of outstanding water services Service Level Agreements and monitor implementation. |
| **5**. | **5.1 Failure to support the development and implementation of Audit Plans** | 5.1 Audit Plans developed for 22 municipalities | 5.1 Audit Plans developed and monitored on monthly basis. | 5.1 Capacity building sessions to MPAC conducted and supported staff on MFMA section32 and circular 68 on readiness of compiling oversight, UIF&W expenditure processes, roles and responsibilities.5.1 PT issued circular to guide municipalities on readiness to submit credible AFS.5.1 NT and PT conducted baseline assessment on assets management of all 22 municipalities.5.1. Support provided to 13 municipalities to update and maintain GRAP compliant assets register. |  | No | Development of enhancement plans to support and monitor audit outcomes. |
| 5.2 Improved audit outcome | 5.2 PT assisted municipalities with development of PAAP, assessment of PAAP in line with section 131 of MFMA.5.2 One on one engagement held with municipalities to address poor internal control environment and capacity challenges of 12 distressed municipalities.  |  | No | Monitor recurring audit findings in municipalities |
| **6.** | **Failure to monitor appointments of Senior Managers** | 6.1 Identification of municipalities without managers. | Senior Management position filled with competent and skilled personnel | 6.1 A total of 22 out of 22 Municipal Managers positions were filled, 14 of 22 Chief Financial Officers; 14 of 22 Director: Corporate; 13 of 22 Director: Technical Services; 13 of 22 Director: Community Services; 7 of 14 Director: Planning and Development; 4 of 7 LED Directors were appointed.  | Yes |  | Support and monitor the filling of critical positions in municipalities. |
| 6.2. Advise municipal council of their failures and none compliance with legislations. | 6.2. Workshopped Municipal Councils on Regulations on appointment of senior managers.  |  | No | Compliance monitoring tool implemented and monitored in municipalities. |
| 6.3 Provide hand on support on the recruitment and selection process as and when required. | 6.3. Hands on support provided in the recruitment and selection process to all municipalities.Some municipalities did not submit appointment reports (monitoring and evaluation was not conducted due to invalidation of the Municipal Systems Act and its Regulations. |  | No | Support and monitoring the filling of vacant post for Senior Managers |
| **7.** | **Failure to deal with municipalities with bloated organisational structures** | 7.1 Alignment of organizational structure with functions of municipalities | 7.1 Staff compliment in line with functions of municipality | 7.1.Conducted assessment of the state of organizational structure in 11 municipalities.7.1 Developed process plan to assists 11 municipalities. |  | No | Assessment, development and finalization of prototype organograms per district. Identify requisite skills and mobilise support.  |
| **8.** | **Failure to support municipalities to plan and spend government grants such as INEP; MIG and etc.** | 8.1 Project plan for service delivery projects developed timeously.  | 8.1 Grant ring-fenced for projects.Improved services to communities | 8.1 Appraisal sessions held for 2019/20 for old and new projects.8.1 Municipalities were supported with development of electricity master plans |  | No | Strengthen monitoring and support of municipalities Oversight on the Supply Chain process for each municipality aligned to the National Treasury guidelines.Mobilise Technical Support from MISA on project implementation  |
| **9.** | **Failure to support municipalities to develop revenue enhancement plan.** | 9.1 Implementation of revenue strategy and development thereof.Update of indigent registers | 9.1 Improved revenue collection | 9.1 Five (5) municipalities assisted with reconciliation of financial system to the valuation roll to ensure accurate billing.9.1 Conducted revenue enhancement training on cost reflective tariff structuring, revenue enhancement and MPRA compliance.9.1 Five (5) municipalities assisted with development of simplified revenue enhancement plan |  | No | Monitor the implementation of developed revenue plans and strategies.Monitor the implementation of credit control and debt management policies.Monitor the implementation of financial recovery plansMonitor frequency of updating Indigent Registers in municipalities.  |

## Priorities that still need to be addressed

1. Provincial Department of COGTA to develop organizational structure that is fit for purpose clearly expressing the district model approach to support the department mandate.
2. Support municipalities in terms of Section 154 of the Constitution and Section 31 and 105 of the Local Government: Municipal Systems Act, 2000 focusing on the following:
3. Support and monitor all 22 municipalities focusing on amongst others-Audit Outcome; Unauthorised, Irregular, Fruitless and Wasteful Expenditure, internal control and oversight environment.
4. Support all 22 municipalities focusing on budget management, cash-flow controls, debtor management, revenue enhancement, Poor contract management and development of financial recovery plans;
5. Monitor filling of critical senior management positions;
6. Monitor implementation of forensic reports that were conducted previously, including conducting MSA section 106 investigations; and
7. Strengthening of political and administrative interface; quality of political leadership and institutionalization of Code of Conduct (Councillors and Officials) in order to address accountability and consequence management.
8. Support municipalities in terms of provisions of municipal basic services such as water service provisions focusing on the following:
9. Support and monitor all 22 municipalities focusing on Infrastructure planning, delivery and implementation; priority action plans for Water Services Authority´s to address operational vulnerability including inadequate bulk water supply sources, maintenance and refurbishment;
10. Facilitate engagements to resolve roles and responsibilities between District Municipalities and Local Municipalities with respect to water and sanitation function by reviewing existing but weak Service Level Agreements; and
11. Accelerate spending and utilisation of grants allocated to municipalities such Municipal Infrastructure Grant, INEP and etc.
12. A detailed report on the state of local government to date focusing on political governance and administration, financial viability and service delivery was compiled by DCoG.

## Challenges and risks

|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| --- | --- | --- | --- |
| **Political** | Political challenges are dire at municipal level, there is political instability in municipal councils.  | Resistance to the escalation of interventions Poor spending of Infrastructure grants that leads to poor service delivery.  | Continuous engagement with political leadership of the province Enforce implementation of Code of Conduct for councillors Intervene decisively in problematic municipal councils |
| **Economic** | Poor LED strategies developed by municipalities and lack of policies to guide the 30% preferential procurement designated for SMMEs. | Delays on implementation of projects due to Local Business Forums highjack projects demanding 30% this yield to stalling of infrastructure projects. | National Treasury to develop a framework on 30% preferential procurement designated for SMMEs to guide municipalities on their LED policiesMunicipalities must ring-fence the 5% allocated for MIG for LED projects. |
| **Social** | Community unrests due to poor service delivery and unemployment  | Community unrests affect institutional stability in municipalities.Lack of job creation | Fast track implementation of service delivery projects in order to create jobsIntensify job creation through EPWP and CWP |
| **Technological** | There is a looming threat regarding capacity of servers for implementation of Municipal Standard Chart of Accounts (mSCOA). | Non-compliance with mSCOA implementation that will management processes in municipal administration in particular Supply Chain Management. | Although National Treasury is assisting the municipalities must make provisions in their budget for upgrading their servers. |
| **Legal** | Failure to monitor interventions as per the Constitution | Inability the Provincial CoGTA to support, monitor and report on interventions | Build capacity in the governance unit within the province to support and monitor interventions  |
|  | Increased litigation due to non-payment of creditors, third parties and labour issues. | Attachment of municipal property by creditors.Risk of employees not being by UIF and Provident fund due to non-payment by municipalities | Municipalities to be assisted in developing cash backed budgets and this can be achieved by placing cost containment measures. |
| **Environmental** | Sewer spillages in most municipalities. | Health hazards and spreading of communicable diseases. | Strengthen the capacity of Water Service Authority and Water Services Providers by clarifying their roles and responsibilities through Service Level Agreements. |

## Assessment of current intervention approach

CoGTA to develop implementation plan and resource it to address challenges facing the provincial department and municipalities. The plans will be implemented by working closely with relevant stakeholders such as the National Treasury, Department of Public Service and Administration, Department of Water and Sanitations, MISA and others, to agree on the implementation framework and timeframes.

Organisational and personnel implications

**Political support**: The Minister of CoGTA and the MEC responsible for cooperative governance should meet on regular basis to monitor the intervention and unlock political challenges that might be prevalent.

An administrator with clear terms of reference together with three experts in local government deployed in each district approach (district approach). The Administrator and the experts should be appointed at the Deputy Director-General and Chief Directors and Directors. The intervention team should be deployed for a period of 6 months subject to renewal by the Minister.

It is envisaged that the administrator’s main focus should ensure that the Provincial CoGHSTA is appropriate fit for purpose structure. Development of funding model to resource the new organisational structure. Develop an integrated monitoring, reporting and evaluation system to oversee of performance of municipalities.

 The experts to be appointed will be responsible for the following:

1. **Municipal Governance System:** responsible for the develop/review systems (Monitoring and Evaluation, Local Government Performance Management System, accountability systems, etc.);
2. **Municipal Service Delivery:** responsible for engineer/project management (deal with grant underspending, processes and systems etc.); and
3. **Municipal Finance System:** Improved audit, audit outcome, controls, systems, revenue generation, strengthen relations with treasury (memorandum), Municipal Property Rates Act, 2004, and other finance related support together with Treasury.

Other experts for possible appointment include, local government specialist/service delivery experts, focusing on all municipalities in the four districts for the purposes of managing and coordinating municipal support programmes, and report to the Administrator. It is also recommendation that the District Development Model hubs be established urgently in North West, and alternatively, district-based experts be appointed to focus on priority municipalities in the interim during the duration of intervention.

# DEPARTMENT OF SOCIAL DEVELOPMENT

*Section 100(1)(a) intervention, led by National Department of Social Development*

## Focus of the intervention

### Issues identified during the rapid diagnostic undertaken in May 2018

1. Non-compliance with the Occupational Health and Safety Act
2. Need for development of Service Delivery Implementation Plan (SDIP) as well as the implementation and monitoring of a Catch Up or Recovery Plan.
3. Need for strengthening of Finance and Supply Chain Management, which includes urgent employment of the Director Supply Chain Management, monitoring of the post audit action plans, and management of both contracts and lease agreements.
4. Non-compliance with statutory and reporting requirements
5. Lack of effective management of statutory services focusing on eradicating the foster care backlog
6. Lack of effective and efficient management of conditional grants allocated to the province including absorption of scholarship graduates, ECD, Substance Abuse
7. Assessment of business plans, transfer payments and subsidies to NPOs and monitoring of the implementation of the activities as outlined in the Service Level Agreement.

### New issues that emerged following intervention

Relations with organised labour: This matter was finally resolved through an engagement between the Head of Department and all the Labour Organisations represented in the department viz NEHAWU, PSA and HOSPERSA.

## Intervention approach

The Executing Authority signed a protocol agreement with Member of the Executive Council, which contained seven directives that the provincial department needed to work on to bring the department back to normal operating mode. The following are the seven directives as per the protocol agreement attached as annexure (A):

1. Compliance with the Occupational Health and Safety Act
2. Development of the Service Delivery Implementation Plan (SDIP) as well as the implementation and monitoring of a Catch Up or Recovery Plan.
3. Strengthening of Finance and Supply Chain Management, which includes urgent employment of the Director Supply Chain Management, monitoring of the post audit action plans, management of both contracts and lease agreements.
4. Compliance with statutory and reporting requirements
5. Effective management of statutory services focusing on eradicating the foster care backlog
6. Effective and efficient management of conditional grants allocated to the province including absorption of scholarship graduates, ECD, Substance Abuse
7. Assessment of business plans, transfer payments and subsidies to NPOs and monitoring of the implementation of the activities as outlined in the Service Level Agreement.

## **Progress to date in addressing triggers and** new issues

### Compliance with the Occupational Health and Safety Act

* The tasks that must be completed is around the eradication of overcrowding in office accommodation and the non-compliance to the Occupational Health and Safety Act.

### Need for development of Service Delivery Implementation Plan (SDIP) as well as the implementation and monitoring of a Catch Up or Recovery Plan.

* Completed

### Strengthening of Financial management and Supply chain management which include urgent employment of the Director Supply Chain management, monitoring of the post audit actions plans, Management of both contracts and lease agreements

* The Post of Director Supply Chain Management has been filled and the Director took office on the 2nd of March 2020. The post of Assistant Director Internal Control and two posts of Senior State Accountants will be filled before the end of the year.
* The department has developed a post audit action plan based on the audit outcomes of the AGSA and it is being monitored through the departmental Audit Steering Committee on a bi monthly basis. Programmes produce and upload portfolio of evidence for implemented interventions on a weekly basis. The department is currently at 72% completion stage of the post audit action plan and is expected to reach 100% compliance by the 30th of March 2020.

### Compliance with statutory and reporting requirements

* Completed

### Effective Management of statutory services focusing on the eradication of the foster care backlog,

* 2045 orders were due to lapsed in 2019 at a time the order was extended thus deemed not to have lapsed by the North Gauteng High court order issued in 2019 December.
* 2045 orders were due to lapsed in 2019 at a time the order was extended thus deemed not to have lapsed by the North Gauteng High court order issued in 2019 December.
* Dr RSM managed to eradicate its entire backlog and currently manage orders in advance that are to lapse during 2020.
* Bojanala has 344 orders expired and should be dealt with through the prescribed review process.
* Dr Kenneth Kaunda have 342 outstanding of which majority of orders are from Maquassi-Hills service point which was largely affected by prohibition order issued by the Department of Labour due to non-compliance to Occupational Health and Safety standards.
* NMM had challenges in two of its service points, namely Ramotshere-Moiloa and Mahikeng both had high numbers in backlog. Letsema from both Judiciary and DSD in December 2019 has yielded positive results.
* 7765 orders for persons who turned 18 are due for review and verification is required that they will still be eligible to remain in care by 2020. Thus, will only be reviewed next year after determination is made that they are pursuing their education.

### Effective and efficient management of conditional grants allocated to the province including absorption of scholarship graduates, ECD, Substance Abuse

* Completed

### Assessments of business plans, transfer payments and subsidies to NPO's and monitoring of the implementation of the activities as outlined in the Service Level Agreement

* The assessment of business plans will be conducted a year prior the funding cycle. The duration of the Service Level Agreements will run for a period of 3 years beginning on the 2020/21 financial year.

## Priorities that still need to be addressed

The issues that need the attention are those related to compliant physical infrastructure for social services. The matter has been elevated to National Chief Directorate Infrastructure to support the province to be able to perform infrastructure internally as DPWR is not giving the department joy (most transactions led to irregular expenditure due to noncompliance to prescripts).

## Challenges and risks

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| **Political** | * Instability of the Labour Environment
 | This could trigger the labour unrest that precipitated instability in the department | Labour needs to be engaged at all material times. Labour as a stakeholder needs to be made a partner in finding practical solutions to problems and not an interest group that makes demands. |
| **Economic**  | The shrinking of the public purse | Some of the infrastructure projects that would result in the province being compliant to the Occupational Safety and Health Act may not be completed in the foreseeable future. | There may be a need for a special allocation preceded by reprioritisation within the baseline for funding to be availed to at least meet the bare minimum  |

## Assessment of current intervention approach

The intervention by the National Department of Social Development is in line with Section 100 (1)(a), which is not a total takeover of the provincial department, but a partial intervention by way of supporting the management of the provincial department in specific areas that both parties identified as problematic or needing attention/intervention to bring the provincial department back to normality. The Minister and the MEC entered into an Implementation Protocol Agreement that detailed seven areas that require urgent intervention. Work streams were established to deal with each of the seven identified areas and feedback through the provincial HoD, the appointed coordinator from the national department, the Acting Director-General and the TTT and the IMTT.

## Recommendations

It is recommended that based on progress made on the seven identified problematic areas as per the Implementation Protocol Agreement, a close out report be prepared. The only issue that the provincial department will still require support is with regard to the provision of infrastructure until they (the provincial department) are able to build their own internal capacity. They have made it clear that they cannot rely on the provincial Department of Public Works and Roads.

# DEPARTMENT OF HUMAN SETTLEMENTS

*Section 100(1)(a) intervention, led by National Department of Human Settlements*

## Focus of the intervention

* Prepare and implement the departmental business plans for Human Settlements Development Grant;
* Prepare and implement the department business plan for the Tittle Deeds Restoration Grant;
* Prepare the Multi-Year Human Settlements Development Plan, focusing on Land Assembly Plan, Human Settlements Project Pipe Line, Restructuring Zones, Block Projects, Revitalization of Distressed Mining Towns and Informal Settlement Upgrading;
* Oversee the appointment, evaluation and adjudication on appointment of suitably qualifying contractors including, woman and emerging contractors to enhance delivery and performance.
* Implement the National Housing Register and enhance the Administrative Reconciliation of Beneficiaries.

## New issues that emerged following intervention

### Challenges

* + Delays with the finalisation of the departmental structure following the split of the two department which has caused serious lack of human resources for Human Settlements Department ;
	+ Contractors are as results not paid on time as required by law within 30 days and causes resinous risk to the projects;
	+ Delays with the Procurement of Suitably Qualifying Contractors

### What needs to be done

* The departmental structure needs to be finalised and implemented without delay by DPSA and Office of the Premier or will cause community and contractors unrests due to non-delivery and non-payment on time; and
* Lack of engaging communities on the details of Business Plans on housing Delivery. Prepare and implement the community Outreach Programmes
* Ensure the provincial department phases out and terminates the lapsed contract of the outsourced PMU in a compliant manner.

## Progress to date in addressing triggers and new issues

* 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;

## Priorities that still need to be addressed

* Issue Directives forthwith in respect of:
	+ Implementation of the compliant provincial departmental structure to ensure successful implementation of the human settlements mandate and functions.
	+ Treatment of properties and title deeds held by the North West Housing Corporation. This will relate to the implementation of the Title Deeds Restoration Project including the title deeds for 28 000 houses held by the North West Housing Corporation until 31 March 2021
	+ Oversee the successful implementation of the 2020\21 HSDG Business Plan until the end of the financial year;
	+ Institute joint operational management of the human settlements delivery programme in the province.

## Challenges and risks

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| **Political** | Prolonged period of appointed Acting MEC  | Instability of Political leadership | Premier to appoint permanent MEC |
| **Economic**  | None  |  |  |
| **Social** | Dissatisfaction with service delivery | Public unrest and service delivery protests. | Implement delivery programmes as planned. Ongoing community outreach in identified hotspots |
| **Technological** | None |  |  |
| **Legal** | Termination of old and non-performing contracts | There will be non-performance | Contracts must be reviewed and amended in accordance with the National Intervention Programme |
| **Environmental** | None |  |  |

## Assessment of current intervention approach

The joint management of the intervention effort through a Steering Committee (chaired by the Director-General) as well as the pairing of officials from the national department of human settlements with those from the provincial department along functional lines has proved to be vital in achieving progress with the intervention.

However, there have been new developments within the province that have created new challenges that pushed back the progress achieved through the intervention. These include:

1. The incomplete establishment of the stand-alone department of human settlements (legal registrations, migration of personnel from the old department of Local Government & Human Settlement and the filling of vacancies) has compromised the functionality of the department
2. The untimely death of the MEC introduced a degree of leadership instability
3. The expiry of the contract for the outsourced Project Management Unit and it’s extension caught the province unprepared to phase-out the service provider and procure new capacity. As a result, the Head of Department opted to sustain the expired contract on month-to-month basis for an indefinite period. This is seen as irregular by the Provincial Treasury and has attracted adverse publicity
4. The province appointed a new board to the North West Housing Corporate (NWHC) and subsequently appointed a Chief Executive Officer. It has been observed that the new leadership of the NWHC is yet to familiarise itself with prevailing policy, applicable funding and recent work on title deeds for properties within its portfolio.

## Recommendations

* The intervention team from national department should remain until the end of the financial 2020\21, to oversee the successful implementation of the priorities as set out above;
* The national department will closely monitor the Implementation of the departmental structure to ensure that its fit for purpose; and
* Given the non-resistance by the department in implementing national directives, we recommend that the department should remain under 100(a) towards 31 March 2021 and national department will continue to issue directives from time to time.

# DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

*Section 100(1)(a) intervention, led by National Department of Agriculture, Land Reform and Rural Development*

## Focus of the intervention

### Issues identified during the rapid diagnostic undertaken in May 2018

The Department of Agriculture, Forestry and Fisheries (DAFF), now Department of Agriculture, Land Reform and Rural Development (DALRRD) conducted high level assessments on the governance of the North West Provincial Department Rural, Environment and Agricultural Development (READ) (now Department of Agriculture and Rural Development (DARD). The resultant gap analysis report was submitted to the Inter-Ministerial Task Team (IMTT) prior to the IMTT making a recommendation on the implementation of Section 100(1) in terms of the Constitution of the Republic of South Africa, 1996. The gap analysis identified challenges relating to programme and project management; financial management; operations and human resource management and development in DARD. These challenges identified had a negative impact on service delivery.

In addressing the issues identified in the rapid diagnosis done on the DARD, the national department embarked on a constructive engagement with the province to address the issues identified in a programmatic manner. The interventions can be stratified as follows:

1. assist the Department of Rural, Environment and Agricultural Development [ now DARD] to fulfil its executive obligations in the delivery of effective comprehensive agricultural support services in terms of the Constitution;
2. address skills and service delivery capacity deficiencies crippling DARD; and
3. ensure compliance with the Constitution and other relevant pieces of legislation with regards to procurement of services, contract management and delivery of agricultural services.

### New issues that emerged following intervention

Apart from the areas identified in the gap analysis of DARD new issues emerged in terms of controls and management in DARD. These can be summarised as follows:

#### Challenges relating to agro-processing projects

DARD used an implementing agent, Agridelight to assess, plan and implement projects in the province. These projects included agro-processing projects which had to be assessed to establish viability. Even though funds were transferred to Agridelight towards implementation of various projects, service providers contracted by Agridelight approached DARD demanding payment and claimed through affidavits that Agridelight had not paid them despite them having delivered on their agreement. After obtaining a legal opinion, DARD then paid these service providers upon proof of completed projects and submitted affidavit. The Auditor General found this practice, irregular. This is an emerging area that requires urgent attention, and further possible litigation against Agridelight.

#### Challenges relating to value for money in service delivery

The department consistently over the MTEF spent more than 97% of their allocated funds, both equitable share and transfers from national government. However this level of spending was not translated to service delivery on the ground. The externalised procurement made it difficult to follow the money within the DARD. The use of implementing agents (with emphasis on Agridelight) was identified as primary cause of the procurement and delivery of services to farmers and businesses. Most of the procurement and expenditure registered over the three period of the Agridelight contract has been declared irregular by Auditor General, leading to the prior years’ irregular expenditure of the DARD to amount to R1 billion.

#### Negative media coverage

The other emergent issues of the time emanated from media publications mainly focusing on AgriDelight. These included but not limited to the allegations that a former President allegedly received 25 Bonsmara cows and one bull amounting to R525, 000 on 29 October 2016 from AgriDelight, a former Premier received two MacDonald franchises in Mahikeng with funds from AgriDelight and six hundred Merino sheep delivered to the farm of the Premier in Delarey District in North West.

#### Land Care Projects

There were projects in the Moretele Local Municipality, Bojanala District Municipality which were funded through the 2019/2020 Land Care Programme. Reports of improper conduct of project leaders were raised by the MEC and these were investigated by the DALRRD.

#### Appointment of North West Development Corporation (NWDC)

On investigation by the section 100(1)(a) team, it was established that upon lapsing of the Agridelight contract, the DARD appointed the NWDC to address project management. Funds were already transferred from the DARD to NWDC. The intervention has helped the DARD to return some of the funds transferred to NWDC with only R13 million of the R90 million remaining. DARD will be pursuing a litigation processes against NWDC to recover the remainder.

#### Post Audit Action Plans

The Auditor-General’s report into DARD for 2017/2018 and 2018/2019 pointed to areas that necessitated that DALRRD assists in ensuring that the appropriate Post Audit Action Plan address the findings.

#### Forensic audit on security services tender

Auditor General has found the awarding of security tenders for six sites to have been irregularly awarded. Through the intervention, National Treasury appointed a forensic investigation firm to probe the anomalies. The forensic investigation confirmed gross irregularities and as such the Chief Financial Officer, Director: SCM and eight Bid Evaluation Committee are undergoing disciplinary processes.

#### Irregular payment of pay progression

A case of irregular payment of pay progression was brought the attention of the DALRRD in April 2020. The DALLRD has to process the emergent issue.

#### Secondment of acting HoD to the DARD

 The contract of the HoD expired in 2019. The Member of the Executive Council (MEC) requested Minister to avail an acting HoD from DALRRD to lead DARD. The secondment lapsed on 31 July 2020 and was extended to 31st December 2020.

## Intervention approach

Cabinet took a decision on 9th May 2018 to intervene in the executive obligations of the North West Provincial Administration in terms of Section 100 (1) of the Constitution of South Africa. The DARD was put under Section 100 (1) a, after recommendations of the DAFF were approved by Cabinet on 23 May 2018. This recommendation was advanced with IMTT and was based on the rapid diagnostic tool. The majority of issues identified in the diagnosis emanated from the appointment of Agridelight as an implementing agent and noting that there were sensitivities around Agridelight, it was recommended that the activities of this company be subjected to a forensic audit.

### The Implementation Protocol Agreement

The Minister responsible for Agriculture and the MEC responsible for Rural, Environment and Agricultural Development in North West Province signed and Implementation Protocol Agreement which recognised the gaps relating to DARD not having fulfilled its obligations in the provision of:

1. effective agricultural support services and facilitation of agricultural development services to producers in terms of Schedule 5 Part A (a) of the Division of Revenue Act, 2017;
2. supporting vulnerable South African farming communities in terms of Schedule 5 Part A (b) of the Division of Revenue Act, 2017;
3. effective engagement of community based initiatives that support pillars of sustainability through the implementation of land care programmes in terms of Schedule 5 Part A (c) of the Division of Revenue Act, 2017;
4. fair, equitable, transparent, competitive and cost effective procurement in terms of section 217 of the Constitution and the Public Finance Management Act, 1999.

In addressing these gaps the Minister and MEC agreed to focus the intervention on the following objectives:

1. assist the Department of Rural, Environment and Agricultural Development [DARD] to fulfil its executive obligations in the delivery of effective comprehensive agricultural support services in terms of the Constitution;
2. address skills and service delivery capacity deficiencies crippling DARD; and
3. ensure compliance with the Constitution and other relevant pieces of legislation with regards to procurement of services, contract management and delivery of agricultural services.

The Minister and the MEC further agreed on a Work Plan that would be implemented and this would be supplemented with the DARD work plans if and when required. The Minister and MEC further agreed on managing the protocol. The Minister appointed a team of experts in areas which were identified in the Work Plan to address the implementation of the work plan.

### Resourcing of the intervention

The costs relating to the implementation of section 100 (1)(a) were agreed in the Implementation Protocol Agreement by the Minister and the MEC to be for the account of the DARD.

### The Work Plan

The Work Plan to be implemented and as agreed by the Minister and the MEC can be summarised as follows:

1. The intensive assessment of the status of the quo with the DARD – this included the assessing the status of programmes of Comprehensive Agricultural Support and Ilima/Letsema and further identifying projects funded through the equitable share of the province.
2. Focusing on the Agridelight Close Out Report – the report was considered critical for determining value for money for the projects done.
3. The finalisation of the agricultural mechanisation transfer of assets to beneficiaries to comply with the recommendations of the 201/2018 Auditor-Generals report.
4. Ensuring that the forensic audit into the CASP conditional grants is conducted.
5. Ensuring the forensic audit on Agridelight.
6. Assessment of the use of Project Management Units by DARD over the 2017/2018 financial year.
7. Reinforcing human capacity to address resource constraints in DARD.
8. Conducting gap assessments in terms of ICT in DARD.
9. Establishing linkages with the National Assessment Panel and recommendations on interventions of DARD.
10. Conducting assessments on the engineering capacity of the department.
11. Assessing Fetsa Tlala programmes in the province.
12. Evaluating the Programme of the North West Agricultural Fund.
13. Regular reporting to the Minister, MEC, DG on the intervention.
14. Close out report on Section 100 intervention.

## Progress to date in addressing triggers and new issues

**Intensive assessment of the status quo at DARD** – this included the assessing the status of programmes of Comprehensive Agricultural Support and Ilima/Letsema and further identifying projects funded through the equitable share of the province. Projects for the 2019/2020 and 2020/2021 projects were assessed and supported for approval by the relevant structures.

**Focusing on the Agridelight Close Out Report –** the report was considered critical for determining value for money for the projects done. The report was ultimately submitted to the Office of the Premier after a court verdict was given for Agridelight to furnish the DARD with a report. The submission of the report to the Office of the Premier is considered to fall short of the court order. Once the court order has been fully satisfied the section 100(1)(a) team will analyse the report.

**The finalisation of the agricultural mechanisation transfer of assets to beneficiaries -** this intervention was to comply with the recommendations of the 2017/2018 Auditor-Generals report of ensuring that these assets are officially ceded to the users and taken off the asset register of the department – the matter has been finalised.

**Ensuring that the forensic audit into the CASP conditional grants is conducted** –the forensic report into the DARD has been concluded through National Treasury. A final report is yet to be released.

**Forensic audit of Agridelight –** this intervention is similar to 2.4 except that the outcomes are considered within the criminal space. Law enforcement agencies are currently seized with this matter.

**Assessment of the use of Project Management Units (PMUs) by DARD over the 2017/2018 financial year –** The use PMUs in the DARD was halted. There is noticeable improvement in DARD implementing projects by itself. The DARD had also appointed the North West Development Corporation to implement projects once the contract with Agridelight lapsed. This contract was terminated through the section 100(1)(a) intervention. However since the capacity to implement was eroded, the DARD spending on projects has been lower.

**Reinforcing human capacity to address resource constraints in DARD -** DARD with the assistance of the DALRRD has completed the service delivery strategy process and the new start-up macro organisational structure was approved. The engineering capacity to implement complex projects within DARD was fortified through a process of availing engineers from the DALRRD Infrastructure programme. Five engineers have been allocated to different districts and the DALRRD engineer is providing oversight to these engineers.

**Conducting gap assessments in terms of ICT in DARD –** the engagements between the DALLRD and DARD are continuing through various platforms including the MinTech committee responsible for IT.

**Establishing linkages with the National Assessment Panel and recommendations on interventions of DARD –** Over the past two financial years; the DALLRD has ensured that all comprehensive agricultural support programmes are discussed with the DARD before submission to the National Assessment Panel. In the year 2018/2019, the proposed projects in agro-processing were also visited to ensure that there is value for money derived from departmental funding. The DALRRD has also ensured that the DARD is accorded a side meeting with the NAP before presentations are made. This is to ensure that the province fully complies with the regulatory frameworks within comprehensive agricultural support.

**Conducting assessments on the engineering capacity of the department** – in addressing the human resources of the department, the engineering services were found to be inadequately resourced. The DALLRD as outlined in 2.7 has availed engineers to assist DARD in executing engineer projects.

**Assessing Fetsa Tlala programmes in the province -** the implementation of the funding mechanism for Fetsa Tlala programme, Ilima/Letsema was evaluated through the DALRRD and changes were made into the planting season plans for 2018 and 2019 were accordingly adjusted. These plans were presented to the Portfolio Committee responsible for Agriculture and were accepted for implementation.

**Evaluating the Programme of the North West Agricultural Fund (NWAF)** – the NWAF was in operation when section 100(1)(a) was implemented in the then DARD. The NWAF was immediately discontinued and no funding was disbursed from this Fund.

**Regular reporting to the Minister, MEC, DG on the intervention –** since the inception of the intervention the Ministers and MECs have been seized with discussions on the intervention as contained in the Implementation Protocol Agreement. The MEC has always relied on the assistance of the Minister and DALRRD to second officials in areas where the DARD is having challenges.

**Close out report on Section 100 intervention -** The close-out report will be DARD and availed upon exit from the province as directed by the IMTT. The report will be discussed and finalised with the HoD, jointly shared with MEC and Minister for approval before submission to the IMTT.

### New issues

**Appointment of North West Development Corporation (NWDC) as an implementing agency** – the DARD was in a process of appointing NWDC when the intervention started. Funds which were DARD transferred to NWDC were refunded to the DARD on intervention under section 100(1)(a).

**Agro-processing (18) projects in the province** - Eighteen (18) strategic projects were identified for assessment visits during the month of July 2019, however only seventeen (17) were subjected to scrutiny. These projects were clustered into five areas, namely; (i) Milling and associated projects, (ii) Abattoir, (iii) Animal Feed Processing Plants, (iv) Fruit and Vegetable Distribution and Processing projects and (v) other agro-processing projects, for ease of comparison and analysis. DARD is implementing its recommendations. Although millions of rands were spent on these projects, none of them is complete. In summary, there were neither feasibility studies nor due diligence conducted prior to appropriating funds to these projects. A thorough investigation ought to be conducted to establish why funds were paid and in most cases exceeded the original budget, when none of these projects were completed.

**Post Audit Action Plans** – the DALRRD has been assisting the DARD in ensuring that the Post Audit Action Plan for the 2017/2018 and 2018/2019 Auditor General’s recommendations are implemented.

**Forensic audit on security services tender** – anomalies regarding the awarding of a security tender in the DARD were uncovered. The matter was taken up by the DALRRD with National Treasury and a service provider was appointed to investigate. The report was vailed in April 2020 and disciplinary processes are under way to ensure that the implicated officials are given a hearing.

**Irregular payment of pay progression** – a case of irregular payment of pay progression was brought the attention of the DALRRD in April 2020. The DALLRD is appointing an internal team to investigate this matter.

The department had paid over R6Millon twice towards purchasing of a building at Zeerust to be used as an Agrohub. The building is not yet transferred to the department. It is unclear why the department paid twice for the same building, and this will require investigation.

## Priorities that still need to be addressed through intervention

These are:

1. An ICT assessment was concluded and new vacancies of Director, Dep Director and four Network Controllers were created in the department with a view of improving ICT capacity in the department.
2. The beefing up of supply chain management with the DARD – expected completion date 12/2020.
3. The finalisation of the disciplinary processes relating to the security tender – senior managers who are implicated in the evaluating and awarding this tenders are currently on special leave - expected completion date 07/2020. The vacancy was advertised after the Director resigned. Disciplinary processes and training are unfolding to ensure ICT capacity building in the department.
4. Finalisation of the investigation into the irregular payment progression in the DARD. There was a delay in the appointment of an investigator from the National Department of Agriculture, Land Reform and Rural Development (DALRRD).
5. The appointment of permanent HoD in the DARD – expected completion date is 31 December 2020.
6. Appointment of a forensic investigation into the 18-agro processing projects to establish reasons why funds were spent when these projects remain in complete – 12/2020.
7. Investigation and consequences management into the prior year irregular expenditure of approximately R1Billion.
8. Processing and court challenges of the Close Out Report from the PMU, which has in turn submitted additional invoices amounting to over R30Million

## Challenges and risks

| **Classification**  | **Challenge**  | **Risk that this poses**  | **Proposed mitigation** |
| --- | --- | --- | --- |
| **Political** | None |  |  |
| **Economic**  | Sourcing the closeout report on the projects undertaken by the North West Development Corporation (NWDC). | Project management principles in terms of scoping, funding, quality and timelines not been adhered to. Fruitless and wasteful expenditure and reputational risks. | Application of project management principles in dealing with projects. In order to determine the level [stage] of development within the department, a quick analysis was conducted. |
| In the assessments of the projects, it is evident that for the majority of projects, the basic rigour of feasibility studies was not applied.  | The absence of feasibility studies, projects assumptions for the project remain untested and wrong investment decisions are likely to be taken. Fruitless and wasteful expenditure are the biggest risks. | The department crafts a prescript that enjoins all strategic projects to be preceded by feasibility studies before decisions are taken Finalizing a framework for managing jointly implemented complex infrastructure projects |
| Fiscal dumping detected in the procurement of some assetsThe findings in the security tender report points to economic, efficacy and efficiency challenges in the DARD  | Stock piling of assets that may never be used.Fruitless and wasteful expenditure are the biggest risks.Corruption | Strengthening of Financial management, Supply Chain Management and Internal Control unit which include resourcing of the internal control Unit, monitoring of the AGSA and PIA post audit actionsAddressing ethics in the DARD and enforcing compliance |
| **Social** | Due to gaps in planning and sequencing, there have been assets in the form of equipment, machinery and vehicles that have been procured for facilities that are still to be completed. | Asset management: In projects visited, asset in the register of the department lie unused; some are in the hands of the beneficiaries while the projects are incomplete.Asset management, fruitless and wasteful; expenditure and theft. | Conducting an inventory analysis and lists for the projects, verify existence and condition of the assets and adopt a management stance on the management of these assets. |
| **Technological** | None  |  |  |
| **Legal** | Sourcing the close-out report on the projects undertaken by Agridelight | Finalising outstanding payments due to creditors for the 2017/18 financial year and institute a claim against Agridelight | The court ruled that the report has to be submitted by Agridelight on 29 February 2020 |
| **Environmental** | Some projects did not observe the required environmental prescripts which should be preceded by environmental impact assessments  | This poses environmental challenges to the communities surrounding the projects | It is recommended that all regulatory prescripts be complied with without fail. For those projects, especially abattoirs and related value chain projects still requiring these assessments it is recommended that such be conducted as a matter of urgency |

## Assessment of current intervention approach

Serious financial and governance irregularities have been identified during the implementation of section 100(1)(a). The appointment of an acting HoD from DALRRD has also assisting in unearthing some anomalies that would not have been found utilising the section 100 (1)(a) Implementation Protocol Plan. It is critical that the resolution of the following matters continue to receive close attention from the national department:

* Appointment of Head of Department
* Resolution of 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 submitted additional invoices amounting to over R30 million.

# DEPARTMENT OF TOURISM

*Section 100(1)(a) intervention led by National Department of Tourism*

## Focus of the intervention

Following the Cabinet decision of 09 May 2018 to place the North West Provincial Administration under Section 100 (1) of the Constitution, the Department of Tourism (DT) embarked on a process to assess the tourism portfolio in the North West with a view of determining whether section 100 (1a) or Section 100 (1b) must be applied. On 14 May 2018, the DG established a team to visit the NW Department of Tourism (NWDT) to conduct this assessment. The team commenced its task on 15 May 2018. The DT team met with the senior officials of the North-West Province Tourism Department (hereinafter referred to as the department) and the North West Tourism Board (NWTB) from the 15 – 16 May 2018. Documents were provided to the DT team for the purpose of analysing the contents with a view to describe the extent to which the provincial government has failed to fulfil its obligations and made recommendations in the following areas:

* + - * + Financial Management;
				+ Contracts, management of litigation and enabling legislation;
				+ Human Resource Management;
				+ Governance of Information and Communication Technology;
				+ Entity Oversight;
				+ Governance arrangement;
				+ Establishment of the North West Department of Tourism; and
				+ Establishment of the North West Tourism Board.

### Issues identified in the diagnostic report

**Separation of Powers**: separation of powers is compromised as the Support for the Office of the MEC is in the HoD’s Office. This practice is not aligned to the departmental structure that provides for the separation of these two offices.

**The 3 main Infrastructure Projects**: The department is driving the construction and maintenance of the 3 hotel schools: Mahikeng, Taung and Orkney. The projects, Taung and Orkney, have experienced delays resulting in cost escalations. This required urgent intervention to minimise the impact of the delays on the limited budget of the department.

**HR Matters**:

* + - * Organizational Structure not funded and not approved by DPSA.
			* Misalignment between job evaluation outcomes and appointment levels in the structure.

**Financial Delegations and Irregular Expenditure:**

* + - * A weak financial management policy environment and inadequate management practices perpetuate the financial mismanagement. Appropriateness of levels of delegations and the segregation of duties (e.g. payment and orders) in the approved financial delegations needed to be addressed.
			* Irregular expenditure was over 70% of the goods and services budget.
			* The quick turnaround time with regard to payment of suppliers in the context of extensive irregular expenditure raises a red flag.
			* Procurement without quotations (where tenders are not applicable) is prevalent and concerning.
			* Management did not implement appropriate policies and procedures to prevent and detect irregular expenditure and management’s oversight and monitoring controls did not enable timeous reporting in this regard.
			* The department did not have policies and procedures in place to ensure that irregular expenditure incurred is timeously identified to enable complete and accurate reporting in the financial statements.

**Audit:** Management did ***not*** provide management comments on the findings raised by the Auditor-General (AG). No action plans are submitted to address the findings. While a satisfactory Internal Audit activity was in existence and appeared to be independent from management structures of the department, the non-implementation of audit plans coupled with lack of Management’s response to the findings raised by the AG were cause for concern.

**Reliability of performance information:** There were issues raised by the assurance providers and oversight bodies in relation to availability and reliability of performance information at the department and the Board. This will affect the Legislature’s ability to do oversight as well as accountability to stakeholders.

**Risk Frameworks:** As is the case with Audit, etc., there is a Risk Management Plan in place, however, there was no implementation of the plan and as a result, the risk management system seems not to be bearing desired results. It would appear that a culture of risk management was not embedded in the department.

**Various agreements with the Independent Development Trust (IDT)**

* The NWDT concluded a Memorandum of Agreement with the IDT, a Schedule 2 Major Entity in terms of the PFMA. Subsequent to the Memorandum of Agreement, the parties signed number of addendums.
* The initial term of the Agreement was effectively from 1 April 2015 and to remain effective for a duration of 3 years or until completion of the programme, whichever period comes first.
* Seemingly signed addendums to extend the duration of the Main Agreement to 31 March 2020.
* The purpose is the Agreement was to appoint the IDT to act as an Implementing Agent for various infrastructure upgrade and development in the North West Province (the Programme).
* In terms of clause 3.1 of the Agreement IDT will, in consultation with the department, develop the Programme Implementation plan and utilize the programme budget strictly for the Implementation of the programmes and will adhere to and act strictly in terms of the generally accepted accounting principles.

**Contracts, management of litigation and enabling legislation: IDT MOA**

* The fact that there has been more than one notice of breach of contract issued by the department to the Independent Development Trust calls for a review of the capacity of the Independent Development Trust to assist the province to deliver on their mandate to facilitate tourism investment promotion in the province.

### The North West Tourism Board

**Oversight:** the HoD executed Entity oversight, which is an anomaly. The arrangement that the HoD sat in the Board of the entity created a potential conflict of interest if the designated accounting officer (HoD) is a member of the Accounting Authority that the HoD must advise the MEC on (PFMA provisions). The PFMA prescribes the oversight and reporting process for Schedule 3 provincial entities. The Service Level Agreement (SLA) was between the CEO and the HOD and not the MEC and the Board. This is contrary to the legislative requirements of the Public Finance Management Act (PFMA), including but not limited to Sections 52(2); 53(1), relevant Treasury Regulations and King 4.

The DT team assessment could not establish whether Board appointment processes were compliant with the Section 7 of the North West Tourism Act. In absence of relevant documents, neither could the DT Team establish whether the process to appoint the CEO was in line with Section 17 of the Act. In terms of appointment of the Board, Section 7 of this Act sets out appointment criteria for Board appointments as well as procedures to be followed. The DT Team did not obtain the supporting documents required as per Section 7 of the Act. However, we did obtain the CVs of the Board members. The Act lists the requisite skills listed for Board members to possess as follows:

* Financial skills, experience and qualifications;
* Extensive knowledge of and experience in business management, human resources and labour relations;
* Extensive knowledge and experience in the tourism industry; and
* Any other skill, experience or qualification that would benefit the Board.

The Act requires the Board to have “extensive tourism experience”. However, upon review of the profiles of the Board members, NO tourism experience was identified. Upon review of the seven CVs provided for appointed Board members, the existing members possess skills in the following areas: legal, finance, HR and Arts and Culture.

**Financial Delegations:** Appropriateness of levels of delegations and the segregation of duties (e.g. payment and orders) in the approved financial delegations needed to be addressed. Due to most of the management occupying acting positions, appropriateness of levels of delegations and the segregation of duties was severely compromised. No staff had been hired due to a Provincial-wide moratorium of hiring of staff due to the establishment of People’s Economic Development and Growth Agency (PEGA).

**Audit (NW Tourism Board):** The Board appears to have failed to establish, with regard to governance structures, a functional internal audit function for the entity for almost three financial years. (Internal Audit function only constituted in March 2018).

### The intervention approach

The department set up an intervention team led by a DDG, four chief directors as well as an internal audit specialist from the department.

A Protocol Agreement was signed between the Minister of Tourism and the MEC: NWTD, which provided a framework for communication of the ongoing expectations of the Parties during the implementation of the intervention. The Protocol outlined the areas of focus stipulated in a jointly developed Work Plan, which was annexed to the Protocol Agreement. The agreed upon areas for the Section 100(i)(a) intervention as follows:

- Establishment of a Project Steering Committee who at regular intervals or at intervals as determined by the Director-General submitted progress reports to the Director-General in respect of the implementation of the Action Plan.

- Development of an Action Plan and framework for progress reporting.

- Monthly Progress reporting to DG.

- Quarterly Progress reporting to Minister and MEC.

### Summary of areas of focus of intervention

The areas of focus articulated in the Action Plan included the following:

* Financial Management
	+ - Contracts, management of litigation and enabling legislation
		- Human Resource Management
* Governance arrangements
* Governance of Information and Communication Technology
* Entity Oversight: Governance arrangement
* Establishment of the North West Department of Tourism
* Establishment of the North West Tourism Board.

| **Focus Area** | **Challenge(s)** | **Action(s) Required** |
| --- | --- | --- |
| ***Financial Management*** | Appropriateness of levels of delegations and the segregation of duties. | * The existing financial delegations need to be withdrawn and re-assigned as follows: Head of Department (HOD); Chief Financial Officer (CFO) and Chief Director(s) only.
* The financial management policy environment and management practices with the department need significant improvement in line with the PFMA and relevant Treasury Regulations.
 |
| The appropriation per economic classification must be reviewed to align with the broader strategy for the department.  | As per above. |
| Risk Management Plan in place; however, there is no implementation of the plan. | Risk Management Plan must be implemented. |
| Management did not implement appropriate policies and procedures to prevent and detect irregular expenditure and management’s oversight and monitoring controls did not enable timeous reporting in this regard.  | Revision of SCM procedures to curb irregular expenditure. |
| The department does not have policies and procedures in place to ensure that irregular expenditure incurred is timeously identified to enable complete and accurate reporting in the financial statements.  | As per above. |
| **Audit:** Management does ***not*** provide management comments on the findings raised by the Auditor-General (AG). No action plans are submitted to address the findings. While a satisfactory Internal Audit activity was in existence and appeared to be independent from management structures of the department. | * MEC may choose to refer to Section 38 of the PFMA that articulates the roles and responsibilities of an accounting officer in order to determine the way forward and take action accordingly.
* The department must put a management structure in place that will deal with the implementation of the audit plan and challenges thereof.
* NW Audit Service should provide regular/quarterly feedback to the department on the implementation of the Audit Plan and challenges encountered during conducting of audits.
 |
| ***Reliability of performance information*** | There are issues raised by the assurance providers and oversight bodies in relation to availability and reliability of performance information at the department and the NWTBoard. | Improvement is required. In order to do a more detailed assessment of the extent of the challenge, the department should provide the NDT with the MPAT reports and supporting documentation. |
| ***Human Resource Management*** | Separation of powers between MEC Office and the HoD Offices – 30 June 2018.  | This needs to be rectified as a matter of urgency in order to ensure alignment with the departmental structure and good corporate governance. |
| Job Grading and awarding of higher notches: Grading of certain posts were allocated contrary to the Job Evaluation results. In addition. | Rectification of job grading and awarding of higher notches. |
| Back dated salary payments of some staff were considered irregular and needed to be recovered this has also not been effected to date. | In addition, backdated salary payments of some staff were considered irregular and needs to be recovered. |
|  | Consequence management on irregular expenditure matters has also not been effected. | Finally, consequence management on irregular expenditure matters must be acted upon within the prescribed legislative framework. |
| Skills Audit of the North West Tourism Department**:** A comprehensive skills audit of the current staff complement is recommended to assess whether they are properly capacitated to function as a standalone department.  | Skills Audit of the department to be submitted to the DT.  |
| ***Contracts, management of litigation and enabling legislation*** | * The department is driving the construction and maintenance of the 3 hotel schools: Mahikeng, Taung and Orkney. The projects, Taung and Orkney, have experienced delays resulting in cost escalations. This requires urgent intervention to minimise the impact of the delays on the limited budget of the department.
* The fact that there has been more than one notice of breach of contract issued by the department to the Independent Development Trust calls for a review of the capacity of the Independent Development Trust to assist the province to deliver on their mandate to facilitate tourism investment promotion in the province.
 | A report needs to be generated which articulates the following: * Project Name
* Project Budget
* Project payments to date
* Project cost overruns
* Details of any condonations for the cost overruns and payment thereof.

No further payments to be made in respect of the above three (3) infrastructure projects until the report has been provided to the NDT and advise on the way forward.  |
| **NORTH WEST TOURISM BOARD** |
| ***Oversight*** | The HoD executes entity oversight, which is an anomaly. The Service Level Agreement (SLA) is between the CEO and the HOD and not the MEC and the Board | The MEC and a duly appointed Board must enter into a new SLA signed. |
| ***Appointment of North West Tourism Board Members and Chief Executive Officer (CEO)*** | No records availed to the DT team on the appointment of the Board and CEO. | The MEC should be satisfied that Section 7 of the North West Tourism Act has been followed in terms of the appointment of the Board. In addition, the MEC should be satisfied that the CEO has been duly appointed in terms of Section 17 of the Act. If neither the Board nor the CEO have been duly appointed in terms of the respective parts of the enabling legislation the MEC may consider dissolving the board and obtaining legal advice on the appointment of the CEO.  |
| ***Financial Delegations*** | Appropriateness of levels of delegations and the segregation of duties (e.g. payment and orders) in the approved financial delegations needs to be addressed. Due to most of the management occupying acting positions, appropriateness of levels of delegations and the segregation of duties is severely compromised. No staff have been hired due to a Provincial-wide moratorium of hiring of staff due to the establishment of People’s Economic Development and Growth Agency (PEGA). | Qualified staff should be appointed into permanent positions. |
| ***Audit*** | AG Audit Opinion: Disqualification.The Board appears to have failed to establish, governance structures with regard to, a functional internal audit function for the entity for almost three financial years. | * Internal Audit function only constituted in March 2018.
* Internal audit function should develop a 3 years’ strategic plan and 1-year operational plan that must be approved by management and the audit committee.
* Adequate and effective reporting activities should be adhered to, that is, quarterly administrative progress reporting to the Chief Executive Officer and quarterly functional progress reporting to the audit committee.
 |
| ***HR Matters*** | CEO Appointment process could not be verified | The MEC should be satisfied that the CEO has been duly appointed in terms of Section 17 of the Act. |
|  | Approved Organizational Structure indicated duplication of roles between the NWTD and the NWTB | Organizational Structure review aligned to the enabling legislation. |
|  | High Vacancy rate and several people acting in more than one role. | As per above. |
| ***Governance*** | No APP tabled but budget transfer effected. | Development and tabling of APP and budget appropriation. |
| ***Unfunded Mandate*** | NWTB runs 3 hotel schools on behalf of the NWTD. The mandated is unfunded and not provided for in the enabling legislation of the NWTB. | Organizational Structure review aligned to the enabling legislation. |

## 2. What has been achieved

|  |  |
| --- | --- |
|  | Satisfactory Progress Achieved |
|  | Continued M&E required |
|  | Outstanding risk not satisfactorily addressed |

| **Focus Area** | **Challenge** | **Action(s) Taken** |  |
| --- | --- | --- | --- |
| ***Financial Management*** | Appropriateness of levels of delegations and the segregation of duties. | Delegations were revised. |  |
| The financial management policy environment and management practices with the department needed significant improvement in line with the PFMA and relevant Treasury Regulations. |  |
| The appropriation per economic classification must be reviewed to align with the broader strategy for the department.  | As per above. |  |
| Risk Management Plan in place; however, there is no implementation of the plan. | Risk Management Plan must be implemented. |  |
| Management did not implement appropriate policies and procedures to prevent and detect irregular expenditure and management’s oversight and monitoring controls did not enable timeous reporting in this regard.  | Revision of SCM procedures to curb irregular expenditure. |  |
| The department does not have policies and procedures in place to ensure that irregular expenditure incurred is timeously identified to enable complete and accurate reporting in the financial statements.  | As per above. |  |
| **Audit:** Management does ***not*** provide management comments on the findings raised by the Auditor-General (AG). | Audit Outcome did not improve: Qualified Opinion 2018/19. |  |
| ***Reliability of performance information*** | There are issues raised by the assurance providers and oversight bodies in relation to availability and reliability of performance information at the department and the NWTBoard. | Slight improvement in this area. |  |
| ***Human Resource Management*** | Separation of powers between MEC Office and the HoD Offices – 30 June 2018.  | Done |  |
| Job Grading and awarding of higher notches: Grading of certain posts were allocated contrary to the Job Evaluation results. In addition. | Not rectified. |  |
| Back dated salary payments of some staff were considered irregular and needed to be recovered this has also not been effected to date. | Not rectified. |  |
|  | Consequence management on irregular expenditure matters has also not been effected. | Not implemented. |  |
| Skills Audit of the North West Tourism department**:** A comprehensive skills audit of the current staff complement is recommended to assess whether they are properly capacitated to function as a standalone department.  | Skills Audit submitted to the DT.  |  |
| ***Contracts, management of litigation and enabling legislation*** | * The department is driving the construction and maintenance of the 3 hotel schools: Mahikeng, Taung and Orkney. The projects, Taung and Orkney, have experienced delays resulting in cost escalations. This requires urgent intervention to minimise the impact of the delays on the limited budget of the department.
* The fact that there has been more than one notice of breach of contract issued by the department to the Independent Development Trust calls for a review of the capacity of the Independent Development Trust to assist the province to deliver on their mandate to facilitate tourism investment promotion in the province.
 | Payments were made despite advice to the contrary and no reports on the projects were availed to DT despite several written requests. |  |
| **NORTH WEST TOURISM BOARD** |
| ***Oversight*** | The HoD executes entity oversight, which is an anomaly. The Service Level Agreement (SLA) is between the CEO and the HOD and not the MEC and the Board | New Service level agreement entered into. |  |
| ***Appointment of North West Tourism Board Members and Chief Executive Officer (CEO)*** | No records availed to the DT team on the appointment of the Board and CEO. | CEO resigned.New Board appointed December 2019 – The DT was not part of the process and hence we cannot comment on process  |  |
| ***Financial Delegations*** | Appropriateness of levels of delegations and the segregation of duties (e.g. payment and orders) in the approved financial delegations needs to be addressed. Due to most of the management occupying acting positions, appropriateness of levels of delegations and the segregation of duties is severely compromised. No staff have been hired due to a Provincial-wide moratorium of hiring of staff due to the establishment of People’s Economic Development and Growth Agency (PEGA). | Amalgamation underway with North West Parks Board (NWPB). |  |
| ***Audit*** | AG Audit Opinion: Disqualification.The Board appears to have failed to establish, governance structures with regard to, a functional internal audit function for the entity for almost three financial years. | Audit Opinion: Disqualification  |  |
| ***HR Matters*** | CEO Appointment process could not be verified. | CEO Resigned  |  |
| Approved Organizational Structure indicated duplication of roles between the NWTD and the NWTB | Amalgamation underway with NWPB. |  |
| High Vacancy rate and several people acting in more than one role. | As per above. |  |
| ***Governance*** | No APP tabled but budget transfer effected. | APP tabled for 2018/19 financial year. |  |
| ***Unfunded Mandate*** | NWTB runs 3 hotel schools on behalf of the NWTD. The mandated is unfunded and not provided for in the enabling legislation of the NWTB. | No progress.  |  |

## New issues that need to be addressed

NW Premier announced the reconfiguration of the provincial departments. The tourism function is now transferred from the abolished North West Department of Tourism (NWDT) to the North West Department of Economic Development, Environment, Conservation and Tourism (DEDECT) with effect from 28 May 2019 (Provincial Gazette, 28 June 2019).

DG engaged the HoD of DEDECT Friday, 28 February 2020. We may need to conduct an assessment of the current conditions and the new institutional arrangements in order to ensure and/or assess whether the stabilisation matters persist in the “new department” or not. The department would still be interested to ensure that management of the tourism development function (service delivery elements) in the North West is adequately capacitated.

The key areas we need to take comfort in include the following:

* + - Organizational Structure
		- Budget allocation for tourism function
		- Dirapeng
		- Protocol areas of focus

## Challenges

### Capacity for the tourism function:

Post the May 2019 elections, the Premier announced the reconfiguration of the provincial departments. The tourism function is now transferred from the abolished North West Department of Tourism (NWDT) to the North West Department of Economic Development, Environment and Tourism (DEDECT) with effect from 28 May 2019 (Provincial Gazette, 28 June 2019). At the State of the Province Address, the Premier announced that the NW Parks Board and the NW Tourism Board will merge, and will report to the new Member of the Executive Council responsible for Economic Development, Environment and Tourism. This announcement takes forward the position supported by the then Minister of Tourism and the NW MEC for Tourism which was adopted by the Inter Ministerial Task Team (IMTT) on the North West Intervention.

These two developments have implications for the Section 100 intervention for the tourism portfolio in that:

* + - * The protocol between the Minister of Tourism and the MEC for Tourism signed in August 2018 had both stabilisation interventions as well as service delivery interventions.
			* In respect of service delivery, there were concerns regarding the duplication of the mandate of the NWDT and the North West Tourism Board (NWTB).
			* A new Bill is reported to be under consideration to enable the merger of the Tourism Board with the Parks Board. In order not to perpetuate the duplication of mandate that persisted between the NWDT and the NWTB into new department and entity, the new legislation must crystallise the responsibility of the new Board in relation to the tourism function.
			* The merger of the two Boards will be enabled by legislation that will repeal the current Acts that create the two separate Boards. It is reported that the State Law Advisors in the Office of the Premier are dealing with the bills for the amalgamation of the two Boards. However, the Minister of Tourism and the MEC had agreed that the NWDT would urgently prepare policy positions for the proposed legislative amendment (including matters related to the mandate of the tourism board) in order to inform the Ministers’ policy discussion. This policy would then be the basis for the legislation being drafted and would be an instrument to curtail duplication of mandates. This has not been provided to us thus far.
			* The capacity of the NWTB was of particular concern due to the high vacancy rate. This may be addressed once the merger is finalised due to the skill sets that may be availed upon the impending the merger of the Tourism and Parks Boards.
			* The NWTD did not have a legal services function hence the department lacked the capacity to process contracts through legal advisors to vet departmental contracts and agreements.

### Transitional Matters

*Devolvement procedures*: While the gazette indicates that the NWDT is abolished with effect from 28 May 2019, there is no clarity yet with implementation of procedures regarding the devolvement of NWDT and transfer of functions and assets into the new structures with minimum disruption to service delivery.

### Protocol implementation and amendment

The August 2018 protocol between Minister of Tourism and the MEC needs to be revised following an assessment of the current conditions and the new institutional arrangements. Whether the stabilisation matters persist in the new department or not, the national department would still be interested to ensure that management of the tourism development function (service delivery elements) in the North West is adequately capacitated.

### Dirapeng

* The Provincial Treasury had begun a process on Golden Leopards Resorts (SOC) Ltd formally; Dirapeng and key principle proposals relating to the rationalization of the entity.
* The entity had been experiencing operational and financial management challenges in the past few years and these difficulties have led to amongst others to the following: overall profitability consistently declined; disclaimer audit opinions; lack maintenance and upkeep of properties negatively affected occupancy and revenue, etc.
* It was concluded that funding of the current operating cost inclusive of infrastructure is unsustainable and the provincial government cannot afford such costs.
* The DG proposed a more in depth review of the Dirapeng. A special audit must look at, amongst others: valuation of the assets, current state of assets, existing contracts and/or commitments, going concern status of Dirapeng, state of commercial operations, litigation issues, contingencies, and the state of the local destination and its impact on the commercial viability of particular asset, etc. The audit outcome would then inform the recommended options on what is to be done per individual asset in the Dirapeng portfolio.
* The department has prepared a due diligence framework that will be proposed for the purposes of the Dirapeng audit. To date the department has not been updated on the status of Dirapeng and the status of the biological assets of the entity.

## Recommendations

The stabilisation interventions were largely in the governance and the corporate management space. They had an implication for service delivery in that they affected the capacity of the NWDT to deliver its mandate. The abolishment of the NWDT with effect from 28 May 2019 means that the typical Programme 1 functions will now be consolidated under the new DEDECT. In the stabilisation category, an assessment is now required to determine whether the areas of concerns for the S100 intervention that prevailed in the former NWDT persist in the new DEDECT. The interest of the Department of Tourism would be to the extent that there is adequate capacity in DEDECT to effectively manage the tourism function.

The recommendation of the Department of Tourism is to discontinue the section 100(1)a intervention but continue to support the DEDECT in its additional tourism function including areas of the intervention plan which are not fully completed.

1. Section 100(1) empowers the national government to take over the running of the provincial government under prescribed conditions and to the extent necessary. [↑](#footnote-ref-2)
2. Then Minister in the Presidency for Planning, Monitoring and Evaluation [↑](#footnote-ref-3)
3. Whereby the National Minister assumes responsibility for the fulfilling the executive obligations of the department, though an Administrator. [↑](#footnote-ref-4)
4. The implication of the changes to provincial departments in the sixth administration are discussed on page 8. [↑](#footnote-ref-5)
5. Audi alteram partem: listen to the other side/let the other side be heard as well [↑](#footnote-ref-6)
6. Figures used here are rounded off [↑](#footnote-ref-7)