



BRIEFING NOTE TO OVERSIGHT

PFMA  
2020-21

Department of Water and Sanitation  
Water Trading Entity  
Trans – Caledon Tunnel Authority

14 June 2022



AUDITOR - GENERAL  
SOUTH AFRICA

# 1. Introduction

## 1.1 Reputation promise of the Auditor-General of South Africa

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

## 1.2 Purpose of document

The purpose of this briefing document is for the Auditor-General of South Africa (AGSA) to brief oversight (SCOPA & Portfolio committee) on the audit outcomes and other findings in respect of Water and Sanitation Portfolio. The outcomes contain the annual financial statements, status of compliance with legislation and reporting of performance against predetermined objectives of the Department of Water and Sanitation (DWS), Water Trading Entity (WTE) and the Trans-Caledon Tunnel Authority (TCTA), for the 2020-21 financial year-end.

## 1.3 Overview (Executive summary)

We have included an executive summary of all key messages of the outcomes components outlined above, with the detailed information contained in the relevant sections that follow in the document.

- i. Overall, the combined audit outcomes of the portfolio have regressed due to the regression of the DWS from an unqualified audit opinion with findings in the prior year to a qualified audit opinion with findings. WTE and TCTA remained stagnant with an unqualified audit opinion with material findings on matters of compliance.
- ii. We qualified Training and development costs, and the related payables, as the department did not adequately reconcile the invoices received from a supplier, through an appointed implementing agent, to the supporting evidence of learners actually trained, relating to the War-on-Leaks programme.
- iii. Material corrections to the financial statements resulted mainly from internal control weaknesses over the recording and reconciling of commitments, accruals and payables. The internal control weaknesses have been a challenge for the department for a number of years. It is important that the department implements an appropriate audit action plan to address this challenge.
- iv. The department continued to incur material amounts of irregular expenditure amounting to R265 million during the year. The majority of the irregular expenditure was caused by deviations from normal procurement processes, which were deemed not justifiable, extension of contracts without prior approval by the delegated official and payments exceeding the commitment value of contracts. Of the total irregular expenditure, R81 million related to the Mopani emergency water and wastewater intervention. The irregular expenditure incurred for this related to deviations from normal procurement processes.
- v. Investigations into instances of irregular expenditure and allegations against departmental officials were delayed during the year resulting in consequence management processes not being effective. Management indicated the delays experienced were due to the impact of covid-19. The lock-down contributed to the availability of staff to conduct the required investigations resulting in delays.
- vi. No material findings were reported on the audit of the annual performance report. We scoped in and audited programme 3 of the department. Material corrections were however made to this programme as a result of insufficient processes in place to ensure consistent measurement of the information received from some regional offices to support the reported achievement.
- vii. In addition, it should be noted that that only 10 of 22 indicators have been achieved under programme 3. This represents a 45% achievement for the programme. The main reason for the non-achievement of targets are challenges with contractors, protests and delayed procurement and contract processes. Overall, on the annual performance report the department achieved 62% of the planned targets for the year.



- viii. As disclosed in the appropriation statement, the department materially underspent the budget by R2 492 million which included R95 million on programme 1, R104 million on programme 2, R2 238 million on programme 3 and R55 million on programme 4.
- ix. The Water Trading Entity's audit outcomes remained unchanged with an unqualified financial audit opinion, with findings on compliance with legislation. Material misstatements of non-current assets and disclosure items identified by the auditors in the financial statements submitted for audit and corrected by management, resulted in the financial statements receiving an unqualified opinion.
- x. Management of the entity did not implement adequate preventative internal controls to avoid non-compliance with legislation, this resulted in the following:
- Incurrence of irregular expenditure amounting to R179 million in the financial year, caused by irregular contract extensions, approval of deviations where it was practical to invite competitive bids and procurement of goods and services of a transaction value above R500 000 without inviting competitive bids.
  - Fruitless and wasteful expenditure amounting to R157 million in the financial year, caused by losses or abnormal costs incurred on internal and external projects and interest payments to long overdue accounts.
  - Some payments not being made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.
  - Consequences management steps not being taken against officials who had incurred irregular and fruitless and wasteful expenditure. The balance of irregular expenditure as at 31 March 2021 is 7,9 billion and fruitless and wasteful expenditure is R223 million. Ineffective consequence management processes has led to delayed condonation of irregular expenditure over the years.
- xi. The entities (TCTA and WTE) have not demonstrated sufficient steps in responding to the audit finding raised during the 2019-20 audit in respect to the overpayments of Royalties to the Government of Lesotho (GOL). *RSA has been making payments on an incorrect and outdated net benefit of the Royalty rates of the Lesotho Highlands Water Project (LHWP) scheme since the year 2007, which resulted in overpayments of Royalties to Lesotho. The actual amount of the overpayments will only be determined after a re-computation of the net benefit as provided for in the Treaty signed by the two (2) governments.*
- xii. The financial health of DWS is at an overall concerning state for two (2) consecutive years. DWS still takes longer than legislated to pay its creditors evidenced by high amounts in accruals and payables that has been outstanding for more than 30 days, as disclosed in the financial statements. The department currently pays creditors on average 81.6 days. Delays in paying suppliers impacts on suppliers' ability to perform in accordance with contract terms and therefore may impact on the achievement of service delivery targets of the department and it also continues to be exposed to penalties and interest.
- xiii. Vacancies in key management positions still persisted at DWS/WTE as at 31 March 2021. DWS continued to have acting incumbents for the accounting officer and Chief financial officer posts, as at 31 March 2021; these positions were not officially filled for a significant period of time however it is worth noting that these positions have since been filled. In addition, the significant positions posts of DDG: Corporate Services and DDG Human Resources which were vacant, were filled after the financial year. Acting incumbents do not always have the ability to contribute to effective and sustained improvements in audit outcomes as they do not have sufficient time to effectively implement initiatives that they have started. For the same reason, acting incumbents are also not always effective in improving on service delivery performance.
- xiv. The audit outcome of TCTA remained financially unqualified audit opinion with material findings on compliance with legislation. Inadequate reviews of the financial statements and supporting schedules resulted in material misstatements identified on current and non-current assets and liabilities, revenue and expenditure line items and schedules that do not agree to the financial statements submitted for audit.

- xv. TCTA continued to incur irregular expenditure amounting to R1,7 million in the current year (2019/20: R142 million). We also report a notable reduction in the incurrence of irregular expenditure from the prior years, which resulted from improvement in controls within the SCM during the financial year as management centralised the contract management function to the procurement division. They further developed and implemented a contract management policy and procedure.
- xvi. Consequence management remained an area that requires intervention, as there were no steps taken against officials who had incurred irregular expenditure by the TCTA. The balance of irregular expenditure as at 31 March 2021, was 806 million and fruitless and wasteful expenditure is R4,6 million. This ineffective consequence management processes also resulted in delayed condonation processes of irregular expenditure over the years.
- xvii. In accordance with the PAA and the material irregularity regulations, we have a responsibility to report on material irregularities identified during an audit and on the status of material irregularities reported in the previous year.
- There were no new material irregularities identified in the current year at the DWS, however we are still following up on one materiality irregularity that was identified in the past. This related to payment made without evidence of actual work performed. The matter was still in court and the department is waiting for the court judgement, with anticipation to recover the funds.
  - A material irregularity amounting to R29 million relating to site re-establishment costs and standing time was issued to the WTE during the 2020/21 financial year-end audit. This material irregularity related to raising of the Hazelmere dam project where delays were identified in the procurement of permanent load cells required for the project, this resulted in the contractor incurring fees for standing time, leaving and returning to the site, with their equipment (site re-establishment), due to disputes over non-payment by the entity.

The accounting officer is currently in a procurement process to appoint a professional service provider to perform an investigation into the material irregularity. The investigation seeks to identify, amongst others, the root cause of the irregularity, responsible official(s) and remedial actions to be taken.

WTE demonstrated progress on the previously reported material irregularities, where the material irregularity on effective and appropriate steps not taken to collect all money due to entity amounting to R346 million was fully resolved. The entity has since billed all the customers previously recognised as accrued revenue not billed.

Furthermore, the accounting officer demonstrated improvement in controls within the revenue management division and also appointed a chief director: revenue management and a chief director: water user licence operation to exercise the necessary oversight within the division, more particularly in the licensing and billing processes.

The material irregularity relating payment not made within 30 days resulting in additional interest amounting to R2.2 million is still not yet resolved, this will be followed in the 2021/22 financial year's audit. The internal risk management unit of the department had previously performed an investigation into this material irregularity, per request from the accounting officer, and had found three (3) former officials responsible for the non-compliance.

Recovery letters were sent to the former officials in May 2021 who responded via their legal representatives requesting for their representations on the matter to be considered, the investigation was then re-opened/extended to consider these. Accounting officer had committed to have the extended investigation finalised by 31 May 2022. We have since requested an update on progress and outcome of the extended investigation and are awaiting accounting officer's response.

- No material irregularities were identified in the current and prior financial years at the TCTA.

xviii. Change and implications of the accounting treatment of the Lesotho Highlands Water Project:

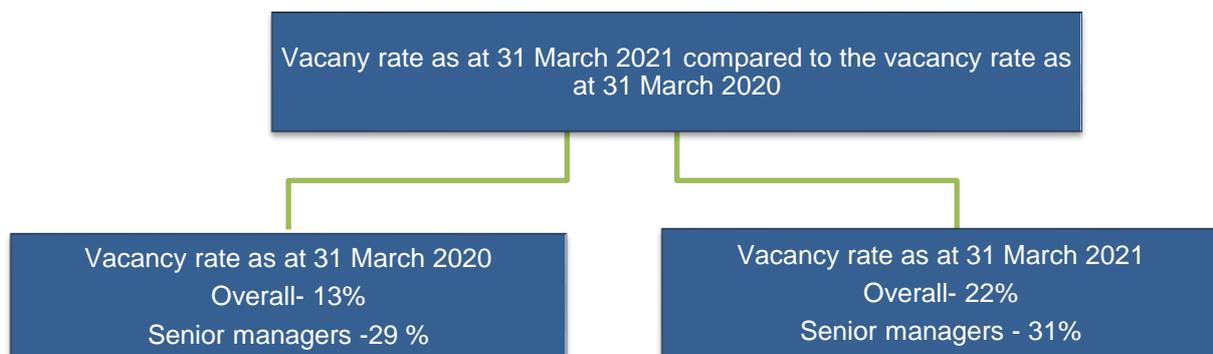
- The accounting treatment of transactions and balances pertaining to the LHWP has been a matter of contestation in reference to the mandate and operations of TCTA on how these are translated to the accounting records.
- TCTA sought an external technical accounting consultation on the accounting treatment of the LHWP costs, we also performed an assessment on the same, however there were differences between our assessment and the technical opinion sought by the TCTA. This led to the matter being referred to the office of the Accountant-General (OAG) for assessment. The OAG performed an assessment on the nature of these transactions and provided a report on how these must be accounted. TCTA adopted this report.
- In terms of the report, the transactions relating to the LHWP are now to be accounted for in the books of the WTE, as the TCTA was deemed to be only acting as an agent in these transactions. This resulted in significant adjustments to the statement of comprehensive income of the TCTA.

**1.4 Structure of the oversight of the Department of Water and Sanitation**



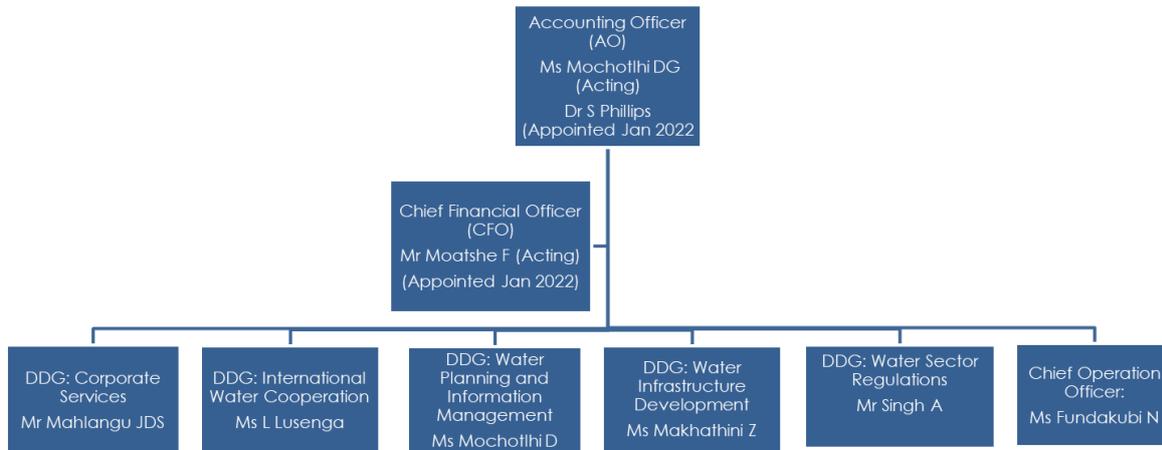
**1.5 Organisational structure and vacancy rate of DWS and WTE**

**1.5.1 Vacancy rate of DWS and WTE**

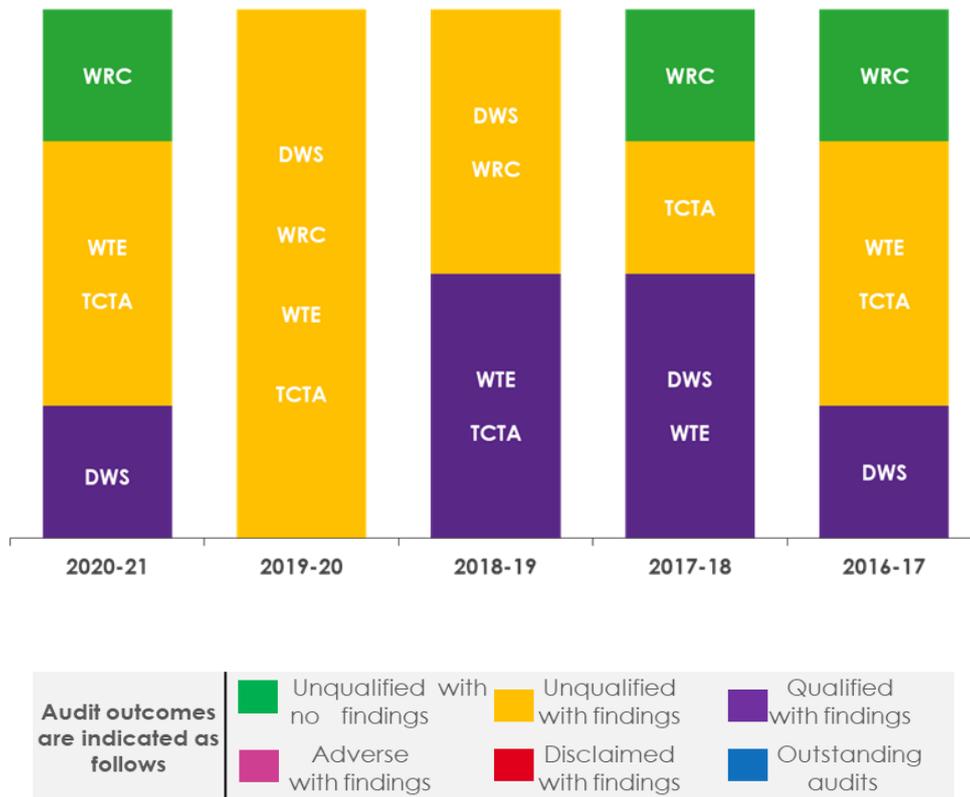


## 1.5.2 Organisational structure of DWS and WTE

Below is the organisational Structure as at 31 March 2021.



## 2. Consolidated portfolio audit opinion history



WRC improved its audit outcomes by strengthening internal controls over expenditure in order to prevent fruitless and wasteful expenditure.

We noted a strong internal control environment over the recording and reporting of financial and performance information together with a disciplined adherence to applicable legislation that assisted the entity to achieve the clean audit for the 2020-21 financial year.

## 2.1 Department of Water and Sanitation

DESCRIPTION	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Report on the audit of the financial statements</b>					
<b>Audit opinions</b>					
• <b>Areas of qualification</b>					
- Commitments				X	
- Training and development & Payable not recognised	X				
- Transfers and Subsidies					X
- Fruitless and wasteful expenditure				X	X
- Irregular expenditure				X	X
• <b>Material uncertainty related to going concern</b>			X	X	X
• <b>Emphasis of matter</b>					
- Restatement of corresponding figures	X	X	X	X	X
- Underspending of the vote	X	X			
- Payables			X		X
- Unauthorized expenditure					X
- Subsequent events / Section 42 asset transfer			X	X	
- Material underspending of the Vote			X		
<b>Report on the audit of predetermined objectives</b>					
• <b>Material findings on Predetermined objectives</b>				X	X
<b>Report on the audit of compliance</b>					
• Annual financial statements and annual report	X	X	X	X	X
• Procurement and contract management				X	X
• Expenditure management	X	X	X	X	X
• Consequence management	X	X	X	X	X
• Conditional grants		X	X	X	
• Budgets					X
• Transfers and Subsidies					X

### AUDIT OPINION INDEX

	CLEAN AUDIT OPINION: No findings on PDO and compliance
	UNQUALIFIED with findings on PDO and compliance
	QUALIFIED AUDIT OPINION (with/without findings)
	DISCLAIMER/ADVERSE AUDIT OPINION

## 2.2 Water Trading Entity

DESCRIPTION	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Report on the audit of the financial statements</b>					
<b>Audit opinions</b>					
• <b>Areas of qualification</b>					
- Non-current assets				X	X
- Current Assets			X		
- Current liabilities			X		
- Non-current liabilities			X		
- Fruitless and wasteful expenditure				X	X
- Irregular expenditure					X
- Expenditure (Maintenance costs)					X
• <b>Material uncertainty related to going concern</b>			X	X	X
• <b>Emphasis of matter</b>					
- Restatement of corresponding figures	X	X	X	X	X
- Material impairments – trade receivables		X	X	X	X
- Contingent assets	X	X			
<b>Report on the audit of predetermined objectives</b>					
• Material findings on Predetermined objectives	Reported at the DWS, refer to the table above				
<b>Report on the audit of compliance</b>					
• Financial statements	X	X	X	X	X
• Expenditure management	X	X	X	X	X
• Revenue management			X	X	
• Procurement and contract management	X	X	X	X	X
• Consequence management	X	X		X	X

### AUDIT OPINION INDEX

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	UNQUALIFIED with findings on PDO and compliance
	QUALIFIED AUDIT OPINION (with/without findings)
	DISCLAIMER/ADVERSE AUDIT OPINION

## 2.3 Trans Caledon Tunnel Authority

DESCRIPTION	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Report on the audit of the financial statements</b>					
<b>Audit opinions</b>					
• <b>Areas of qualification</b>					
- Non-current assets					
- Current Assets – AMD receivable			X		
- Current liabilities – Provision for compensation			X		
- Non-current liabilities					
- Fruitless and wasteful expenditure					
- Irregular expenditure					
- Expenditure (Maintenance costs)					
- Revenue			X		
- Capital commitments					
• <b>Material uncertainty related to going concern</b>			X		
• <b>Emphasis of matter</b>					
- Restatement of corresponding figures	X	X	X		
- Previous period audited by a predecessor auditor					
- Material impairments – investments	X				
- Contingent liabilities / contingent asset		X			
<b>Report on the audit of predetermined objectives</b>					
• Material findings on Predetermined objectives		X	X		
<b>Report on the audit of compliance</b>					
• Annual financial statements and annual report					
• Financial statements	X	X	X		X
• Expenditure management	X	X	X	X	
• Internal audit					
• Strategic planning and performance					
• Asset and liability management					
• Revenue management					
• Procurement and contract management			X	X	X
• Consequence management	X			X	

### AUDIT OPINION INDEX

	CLEAN AUDIT OPINION: No findings on PDO and compliance
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	QUALIFIED AUDIT OPINION (with/without findings)
	DISCLAIMER/ADVERSE AUDIT OPINION

### 3. Report on the audit of the financial statements

#### 3.1 Qualification paragraphs

The following qualification paragraph was included in the audit report for DWS on its annual financial statements for the 2020-21 financial year end.

##### 3.1.1 DWS

Finding	Root causes	Recommendation
<b>Training and Development and Payables not Recognised</b>		
I was unable to obtain sufficient appropriate audit evidence that training and development expenditure was properly accounted for as the department did not implement adequate internal controls to verify payments made to supporting evidence. I was unable to confirm the payments made by alternative means. Payables not recognised for goods and services include amounts related to these costs. Consequently, I was unable to determine whether any adjustment was necessary to training and development expenditure stated at R173 510 000 (2020: R313 820 000) in note 4 to the financial statements as well as payables not recognised for goods and services stated at R437 098 000 (2020: R510 338 000) as included in note 22.2 to the financial statements.	Inadequate review and monitoring controls to ensure that payments are appropriately supported. Amendments made to contract stipulations without the necessary approvals.	Management must ensure that appropriate processes are in place to review all invoices submitted for payment to ensure that invoices are properly supported to confirm receipt of goods and services (value for money) and to ensure that the claims for payment are in line with the requirements of the contract.

#### 3.2 Emphasis of matter paragraph

##### 3.2.1 DWS

Emphasis of matter	Root causes	Recommendation
<b>Restatement of corresponding figures</b>		
As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of errors in the financial statements of the department at, and for the year ended 31 March 2021.	Management did not perform adequate reviews on the financial statements to ensure that errors are detected and corrected timeously.	Management must implement adequate review controls to detect and correct errors in the period that it relates to.
<b>Underspending of the Vote</b>		
As disclosed in the appropriation statement, the department materially underspent the budget by R2 492 million which included R95 million on programme 1, R104 million on programme 2, R2 238 million on programme 3 and R55 million on programme 4.	Management did not have a robust action plan to address challenges with project management for infrastructure projects, procurement planning and the effective monitoring of projects to ensure that spending is in line with project plans, despite the impact of Covid-19.	Management must implement a robust action plan to address challenges with the management of and spending on projects planned for the period.  The internal Construction unit must be capacitated with skills that will ensure that these projects are planned, implemented and managed properly, to ensure that these projects are finalised on time, within budget and at the correct quality as per the project plans.



### 3.2.2 WTE

Emphasis	Root causes	Recommendation
<b>Restatement of corresponding figures</b>		
As disclosed in note 35 to the annual financial statements, corresponding figures for 31 March 2020 have been restated as a result of an error in the financial statements of the entity at and for the year ended 31 March 2021.	Management did not perform adequate reviews on the financial statements to ensure that errors are detected and corrected timeously.	Management must ensure that it adequately reviews its financial reporting processes in order to detect and correct errors in the period that it relates to.
<b>Contingent assets</b>		
As disclosed in note 32 to the annual financial statements, contingent assets have been disclosed to describe the overpayment of royalties emanating from the treaty between the governments of Lesotho and the Republic of South Africa.	Leadership not acted with the requisite speed to respond to the audit finding raised during the 2019-20 audit in respect to the possible overpayments of Royalties to the Government of Lesotho. The entity is continuing to make payments on the outdated net benefit of the LHWP scheme.	Leadership (under the guidance of the minister) must take effective and appropriate steps to ensure the net benefit relating to royalties paid to the Government of Lesotho is recomputed, in order to do a final determination of the actual value paid for of actual quantities received. The Royalties currently being paid do not account for the downward amendments made to the Treaty requirements in the delivery of the quantities of water from 2007. Once these calculations have been finalised, it may require the implementation of a recovery process with the Government of Lesotho (future Royalty calculations etc).

### 3.2.3 TCTA

Emphasis	Root causes	Recommendation
<b>Restatement of corresponding figures</b>		
As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2020 and 2019 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2021.	Management did not perform adequate reviews on the financial statements to ensure that errors are detected and corrected timeously.	Management must ensure that it adequately reviews its financial reporting processes in order to detect and correct errors in the period that it relates to.
<b>Financial market investments- impairment of investment</b>		
As disclosed in Note 7, the entity had an investment to the value of R100 million in promissory notes issued by the Land Bank. In May 2020, being the maturity date of the investment, the Land Bank defaulted on the notes due, facing liquidity difficulties and announcing a potential event of default. The notes had to be reissued and the payment terms renegotiated. There is a possibility that the public entity may not recover the full value of the investment. An impairment has been recognised in note 10 to the financial statements to take into account the credit impairment of the promissory notes. The value of the investment as at 31 March 2021 is R89 Million as Land bank has settled a portion of the outstanding investment.	Management had not adequately assessed this investment for impairment prior to submission of financial statement.  Management did not implement internal controls to ensure that all applicable requirements of IFRS are considered prior to the submission of the AFS.	Management should implement adequate review controls to ensure that all investments are adequately assessed for impairments in line with the requirements of the accounting framework.



## 4 Report on the audit of the annual performance reports

No material findings were included in the audit report of DWS (including WTE) on its annual performance report for the 2021-20 financial year end. Material misstatements were identified for programme 3 (Water Infrastructure Development) in the 2020-21 annual performance report submitted for audit however management were able to correct these misstatements. No material findings were raised on the usefulness of the reported performance information.

### Key matters for noting 1:

It should however be noted that the 2020-21 annual performance plan was again adjusted and several targets were reduced. The department should take cognisance of the fact that the reduction in targets will have an impact on the achievement of their five-year strategic plan (2020-21-2024-25).

The targets that were reduced are core to the mandate of the department and will affect the delivery of water supply or the reliability of water supply to the affected areas. Refer to the table below for adjustments made to the planned targets as well as the reported achievement against those targets for programme 3.

### Key matters for noting 2:

Several targets that are core to the service delivery mandate of the department were not achieved. Whilst the impact of COVID – 19 should be taken into account due to restrictions imposed and reprioritisation of funds impacting on the achievement of targets, we consider it important to draw attention to non-achievement of certain targets.

The table below reflects the reduced targets and the achievement of targets with reasons for under achievement for some of the key indicators:

PPI number	Key indicators planned (and adjusted) for 2020/21	Planned	Adjusted	Achievement	Reason for non/under achievement
3.7.1.1	Number of mega regional bulk infrastructure project phases under construction	10	9	8	Delays by municipality to finalise design and environmental impact assessment
3.7.1.2	Number of large regional bulk infrastructure project phases under construction	60	62	68	Achieved
3.7.2.2	Number of large regional bulk infrastructure project phases completed	13	11	2	Procurement challenges and community unrest
3.7.1.3	Number of small regional bulk infrastructure project phases under construction	33	38	35	Contract termination, delays in finalising appointment of implementing agent, insufficient funding
3.8.1	The number of small WSIG projects under construction	349	353	382	Achieved
3.8.2	Number of small WSIG projects completed	102	105	112	Achieved
3.6.1	Number of raw water projects ready for implementation	4	3	0	Milestones for each project have been partially met.
3.6.2	Number of bulk raw water projects under construction	4	4	1	The quarters 3 & 4 milestones were changed, due to delays incurred in the finalisation of the appointment of services providers. Furthermore, procurement delays affected project performance.
3.6.3	Number of raw water projects completed	1	1	0	Delays in the finalisation of the appointment of service providers
3.6.3.1	Number of Jobs created through implementing augmentation infrastructure projects	150	50	73	The annual target was changed from 150 to 50 due delays in the finalisation of the appointment of service providers



PPI number	Key indicators planned (and adjusted) for 2020/21	Planned	Adjusted	Achievement	Reason for non/under achievement
3.7.2.3	Number of small regional bulk infrastructure project phases completed	15	14	8	Delays in contractor appointments by implementing agents and delays by contractors
3.8.3(a)	Number of intervention projects (COVID -19)	432	432	0	Delayed construction to implement COVID -19 Projects
3.9.1	Percentage of projects completed as per maintenance plan (Planned maintenance)	80%	50%	39%	Lack of term contract for implementation of the maintenance plan
3.10.2	Number of dam safety evaluated	30	25	25	Contractors were not able to work at level 4 and 5
3.10.3	Number of dam safety rehabilitation projects completed	2	2	0	Delays in procurement processes
3.10.4	Number of kilometres of conveyance systems rehabilitated per annum	2.5km	2.5km	1.95km	Contractors were not able to work at level 4 and 5

These targets directly impact on the service delivery mandate of the department to provide all citizens with access to a safe and reliable water supply.

We attribute the above to a lack of adequate planning and oversight over projects managed by implementing agents as contributing factors. The department has also indicated challenges with contractors, protests and delayed procurement and contract processes as some of the reasons for the under-achievement.

The department must improve its processes around the planning and monitoring of implementation of projects to improve on its achievement of targets.

The table below also depicts the other for consideration by the committee for each programme:

Programme No	Budget spent	Achievement of programme	Unauthorised, irregular and fruitless and wasteful expenditure
Programme 1 – Administration	94.5%	53%	IE – R91 million
Programme 2 - Water Planning	85.8%	74%	IE – R834 000
Programme 3 - water Infrastructure Development	84.3%	45%	IE – R319 million FWE – R14 000
Programme 4 - Water Sector Regulation	83.4%	85%	None

UE – Unauthorised expenditure IE – Irregular expenditure FWE – Fruitless and wasteful expenditure

■ Good 
 ■ Of concern 
 ■ Intervention required 
 ■ Not audited



## TCTA

No material findings reported in the audit report of TCTA, on the entity's reporting in its annual performance report for the 2020-21 financial year-end. Material misstatements were identified for Objective 2 (Operate and maintain designated projects in accordance with DWS requirements/specifications) in the 2020-21 annual performance report submitted for audit, however management were able to correct these.

The table below reflects the achievement or under achievement of targets at the TCTA with reasons:

Objective	Measure	Revised Target	Achievements at 31 March 2021	Reasons for variance if target was not met
<b>Operate and maintain designated projects in accordance with DWS requirements/specifications</b>	On the Western Basin, keeping the water level in the mine void below collar level at 18 Winze to prevent decant.	Water level in 18 Winze shaft does not rise above 1 m below collar level	Water level in 18 Winze shaft was below 1 m below collar level for the period 1 Apr 2020 – 23 Feb 2021 and rose above 1 m below collar level for the period 24 Feb – 31 Mar 2021	Abnormally heavy rains in the area during the last quarter of the reporting period, the rate of rainwater flowing into the basin, was much higher than the average resulting in inflows exceeding the capacity of the plant.  Management reported no negative environmental impact.
	Central Basin: Maintaining the water level in the mine void below the level agreed with the DWS.	Central Basin: Water in pumping shaft does not exceed 100 m below collar level	Water level in pumping shaft was below 100 m below collar level for the period 1 Apr 2020 – 31 March 2021. The highest level recorded was 100.3 m below collar level on 31 March 2021	Target achieved
	Eastern Basin: Maintaining the water level in the mine void below the level agreed with the DWS.	Eastern Basin: Water in pumping shaft does not exceed 106 m below collar level	Water level in pumping shaft was below 106 m below collar level for the period 1 Apr – 9 Nov 2020. For the period 10 Nov – 29 Dec 2020 the water level fluctuated above and below 106 m below collar level. For the period 30 Dec 2020 - 31 Mar 2021 the water level was permanently above 106 m below collar level. The highest level recorded was 96.54 m below collar level on 8 March 2021.	Management reported that operational challenges encountered during the period gave rise to the target not being met as a result of failure in the borehole sludge disposal system due to blockages. Management implemented an interim solution whilst seeking permanent solutions, but it operated at lower plant capacity.
	To ensure the water discharged from the Western Basin, Central and Eastern Basins plants, meets the DWS specification	90%-94% of water samples are compliant with DWS specification which has a 10% allowance (weighted average of all 3 basins)	100% of the water samples are compliant with the DWS specification	Target achieved

## 5 Report on the audit of compliance with legislation

The following material findings were included in the audit report of DWS, WTE and TCTA on its non-compliance for the 2020-21 financial year end.

Finding	Root cause	Recommendation
<b>Annual financial statements</b>		
<p><b>(DWS)</b> The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the some supporting records that could not be provided relating to expenditure resulted in the financial statements receiving a qualified opinion.</p>	<p>Action plans developed to address audit findings of the prior year were not effectively implemented and monitored.</p>	<ul style="list-style-type: none"> <li>Leadership must set an appropriate tone to ensure that all staff comply with established policies and procedures, as well as the re requirements of the accounting framework.</li> <li>Audit action plans must be actively driven by leadership to ensure achievement of milestones and corrective action taken where milestones are not achieved.</li> </ul>
<p><b>(WTE)</b> The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.</p>	<p>Inadequate reviews of the financial statements to ensure the disclosure of significantly delayed projects is made in line with the requirements of the accounting standards. Inadequate assessment of fruitless and wasteful expenditure for internal and external projects resulting in material adjustments to the financial statements.</p>	<ul style="list-style-type: none"> <li>Reviews of the financial statements should be strengthened to ensure all requirements of the accounting standards are complied with.</li> <li>Unavoidable expenditure relating to construction projects should be appropriately assessed to determine whether they meet the definition of fruitless and wasteful expenditure prior to disclosure as such.</li> </ul>
<p><b>(TCTA)</b> The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, current and non-current liabilities, revenue and expenditure identified by the auditors in the submitted financial statement, were corrected and the supporting records provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>Management did not adequately review the annual financial statements to ensure that they are prepared in accordance with the accounting standard requirements.</p> <p>Management did not adequately implement internal controls to ensure that reconciliations are performed and reviewed regularly to ensure that financial records agree to the supporting schedules.</p>	<ul style="list-style-type: none"> <li>Reviews of the financial statements should be strengthened to ensure all requirements of the accounting standards are complied with.</li> <li>Amounts of the financial statements should be agreed to supporting schedules prior to submission for audit.</li> </ul>
<b>Expenditure management</b>		
<p>Effective steps were not taken to prevent irregular expenditure, as required by section 38 (1) (c) (ii) of the PFMA and Treasury Regulation 9.1.1. <b>(DWS)</b> Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R264 622 000 disclosed in note 25.1 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular</p>	<ul style="list-style-type: none"> <li>Action plans developed to address audit findings of the prior year were not effectively implemented and monitored.</li> <li>Slow progress in investigating prior year irregular expenditure incurred and implementing consequence management, for the irregular expenditure incurred.</li> </ul>	<ul style="list-style-type: none"> <li>Audit action plans should be actively driven by leadership to ensure achievement of milestones and corrective action taken where milestones are not achieved.</li> <li>Consequence management - Management should expedite its investigation of all irregular expenditure and ensure that</li> </ul>



Finding	Root cause	Recommendation
<p>expenditure was caused by deviations from normal procurement processes which were not justifiable, extension of contracts without prior approval by the delegated official and payments exceeding the commitment value of contracts. Of the total irregular expenditure, R81 million related to the Mopani emergency water and wastewater intervention.</p>	<ul style="list-style-type: none"> <li>The majority of current year irregular expenditure resulted from not following adequate procurement competitive processes when awarding contracts (bids/ tenders) in contravention of legislation.</li> </ul>	<p>responsible staff members are held accountable for non-compliance with laws and regulations and failing to adhere to internal policies and procedures</p>
<p><b>(WTE)</b> Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R179 933 000, as disclosed in note 32 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure related to prior year irregular contracts which were extended in the current year.</p> <p>Effective steps and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R157 592 000, as disclosed in note 33 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by losses or abnormal costs incurred on internal and external projects.</p> <p>Some payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.</p>	<ul style="list-style-type: none"> <li>Action plans developed to address audit findings of the prior year were not effectively implemented and monitored.</li> <li>Inadequate project management processes within the infrastructure development division resulted in the incurrance of losses and abnormal costs incurred on internal and external projects</li> <li>Slow progress in investigating prior year irregular expenditure incurred and implementing consequence management, for the irregular expenditure incurred.</li> <li>Lack of monitoring and proper implementation of payment processing control to ensure invoices are settled within 30 days.</li> </ul>	<ul style="list-style-type: none"> <li>Audit action plans should be actively driven by top management to ensure achievement of milestones and corrective action taken where milestones are not achieved.</li> <li>Project management processes, e.g. timeous procurement of required equipment, within the infrastructure development division should be improved to prevent losses and abnormal costs on projects.</li> <li>Consequence management - Management should expedite its investigation of all irregular expenditure and ensure that responsible staff members are held accountable for non-compliance with laws and regulations and failing to adhere to internal policies and procedures</li> <li>Improve payment monitoring processes to ensure invoices are paid within 30 days.</li> </ul>
<p><b>(TCTA)</b> Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 1 712 195 as disclosed in note 27 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The irregular expenditure was mainly caused by competitive bidding processes not followed for the appointment of a subcontractor, utilisation of a service provider not registered on national treasury central supplier database, and non-compliance with national treasury instruction note 03 of 2016/17</p>	<ul style="list-style-type: none"> <li>Management did not implement adequate controls to prevent and detect non-compliance with procurement and contract management laws and regulations</li> <li>Slow progress in investigating prior year irregular expenditure incurred and implementing consequence management, for the irregular expenditure incurred.</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in review and monitoring controls to ensure compliance with applicable legislation</li> <li>Consequence management - Management should expedite its investigation of all irregular expenditure and ensure that responsible staff members are held accountable for non-compliance with laws and regulations and failing to adhere to internal policies and procedures.</li> </ul>



Finding	Root cause	Recommendation
<b>Consequence management</b>		
<p><b>(DWS)</b> I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to various investigations still in progress at the end of the financial year.</p> <p><b>(DWS)</b> I was also unable to obtain sufficient appropriate audit evidence that investigations were conducted into all allegations of financial misconduct committed by officials, as required by treasury regulation 4.1.1. This was due to various investigations still in progress at the end of the financial year.</p>	<p>Management had indicated that delays in investigation processes due to the impact of COVID resulted in delays in implementing consequence management processes.</p>	<ul style="list-style-type: none"> <li>• Management must improve its efficiency in conducting investigations in order to catch up on the backlog in investigations.</li> </ul>
<p><b>(WTE)</b> I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure in the prior year as required by section 38(1)(h)(iii) of the PFMA. This was because determinations into irregular expenditure were still in progress at the end of the financial year.</p> <p>I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against the officials who had incurred and permitted fruitless and wasteful expenditure in prior years, as required by section 38(1)(h)(iii) of the PFMA. This was because recommendations as per investigation reports were not implemented at the end of the financial year.</p> <p>I was unable to obtain sufficient appropriate audit evidence that investigations were conducted into all allegations of financial misconduct committed by some of the officials, as required by treasury regulation 4.1.1.</p>	<p>Management had indicated that delays in investigation processes due to the impact of COVID resulted in delays in implementing consequence management processes.</p>	<ul style="list-style-type: none"> <li>• Management must improve its efficiency in conducting investigations in order to catch up on the backlog in investigations.</li> </ul>
<p><b>(TCTA)</b> I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was mainly because in some instances of irregular expenditure, determination tests were not performed in the current financial period</p>	<p>The accounting authority did not implement adequate consequence management processes for the contravention of applicable policies, laws and regulations.</p>	<ul style="list-style-type: none"> <li>• Management must improve its efficiency in conducting investigations in order to catch up on the backlog in investigations.</li> <li>• Disciplinary steps should be taken against officials who incurred irregular expenditure.</li> </ul>



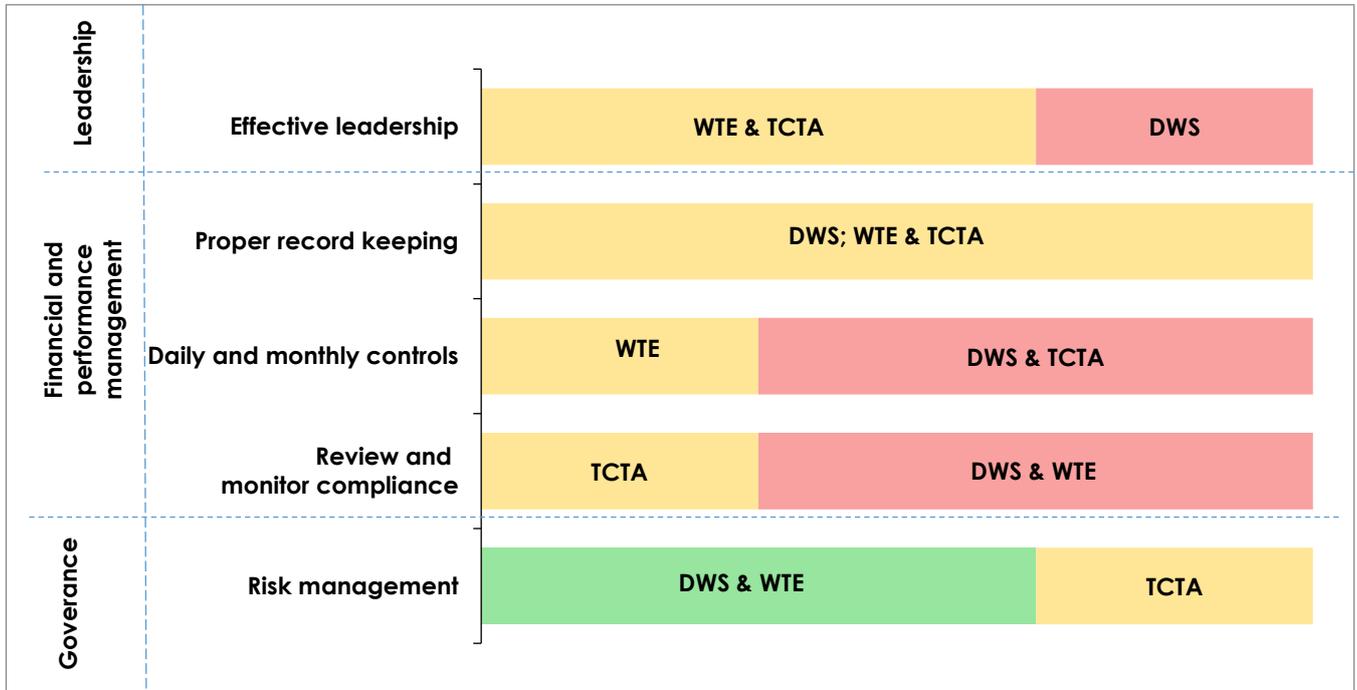
Finding	Root cause	Recommendation
<b>Procurement and contract management</b>		
<p><b>(WTE)</b></p> <p>Material non-compliance audit findings were noted by auditors in procurement and contract management. These audit findings are highlighted below:</p> <ul style="list-style-type: none"> <li>• In some instances, goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007/2008.</li> <li>• In some instances, some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2).</li> </ul>	<p>Management did not adequately implement review and monitoring controls to prevent non-compliance with laws and regulations relating to supply chain management and payment processing</p> <p>Action plans developed to address audit findings of the prior year were not effectively implemented and monitored. Slow progress in investigating prior year irregular expenditure incurred and implementing consequence management, for the irregular expenditure incurred.</p>	<ul style="list-style-type: none"> <li>• Audit action plans should be actively driven by top management to ensure achievement of milestones and corrective action taken where milestones are not achieved.</li> <li>• Consequence management - Management should expedite its investigation of all irregular expenditure and ensure that responsible staff members are held accountable for non-compliance with laws and regulations and failing to adhere to internal policies and procedures</li> </ul>



## 6 Status of internal controls

### Status of internal controls

The diagram below depicts the status of the control of DWS and WTE as assessed by the auditors. The assessment was limited to the internal controls relevant to my audit of financial statements reported performance information and compliance with applicable legislation.



The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

### 6.1 Leadership

- The department had a number of top management positions where officials in acting capacities, for the year under review. This included the positions of the director-general; some deputy directors-generals and chief financial officer, as the positions remain unoccupied for a prolonged period. The instabilities in leadership position at the department contributed to a number of vacancies within other top management positions, including that of the chief financial officer. Acting incumbents are usually appointed for a short period and do not have the time and advantage of continuity to implement improvements in internal controls. The efforts of the acting incumbents, are however acknowledged. We have however noted that the entity has appointed the accounting officer and the chief financial officer in January 2022. **(DWS and WTE)**.
- The department and entity continued to incur irregular expenditure during the year under review. Irregular expenditure has been on the rise for a prolonged period and in some instances it also resulted in criminal charges being opened with the South African Police Services after being investigated. The non-compliance which resulted in irregular expenditure can be attributed to top management not setting out a robust ethical tone through resolute internal controls, including the implementation of consequence management.
- Consequence management processes were not fully implemented in some instances as leadership did not take the appropriate action required in some instances for irregular expenditure incurred by the department and entity. This was due to delays in the investigations processes. **(DWS, WTE & TCTA)**

- Ineffective steps taken by the entities (TCTA & WTE) in responding to the audit finding raised during the 2019-20 relating to overpayments of Royalties to the Government of Lesotho. RSA has been making payments on the incorrect and outdated net benefit of the royalty rates of the Lesotho Highlands Water Project (LHWP) scheme since the year 2007, which results in overpayments of Royalties to Lesotho. The actual amount of the overpayments will only be determined after re-computation of the net benefit in accordance with the Treaty through the Lesotho Highlands Water Commission.

## 6.2 Financial and performance management

- Management should improve on proper record keeping ensuring that information that support financial and performance reporting are easily retrievable in a timely manner; during the audit there were instances where we experienced delays in submission of requested information. It took the department and entity on average 12 days each to provide information that was requested and also to respond to communications of findings. We note that covid-19 had an impact however some of the delays were not related to covid-19 **(DWS, WTE & TCTA)**.
- Management should improve their review and reconciliation processes around commitments, accruals and payables and improve controls regarding management of project overall as material misstatements are still being identified in these areas **(DWS)**.
- The financial statements contained material misstatements that were corrected; this was mainly due to inadequate accounting and reconciling controls to ensure that commitments, accruals and payables are properly accounted for. In addition, internal controls implemented to identify and record irregular expenditure were not adequate as irregular expenditure was identified through the audit process. We noted that insufficient audit evidence was available to support training and development costs which resulted in a qualification to the financial statements. We further noted that the annual performance report contained misstatements that were eventually corrected; this was mainly due to staff not fully understanding the performance information requirements **(DWS)**.
- The financial statements contained material misstatements that were corrected; this was mainly due to inadequate accounting and reconciling controls **(WTE & TCTA)**.

## 7 Other reports/ Investigations

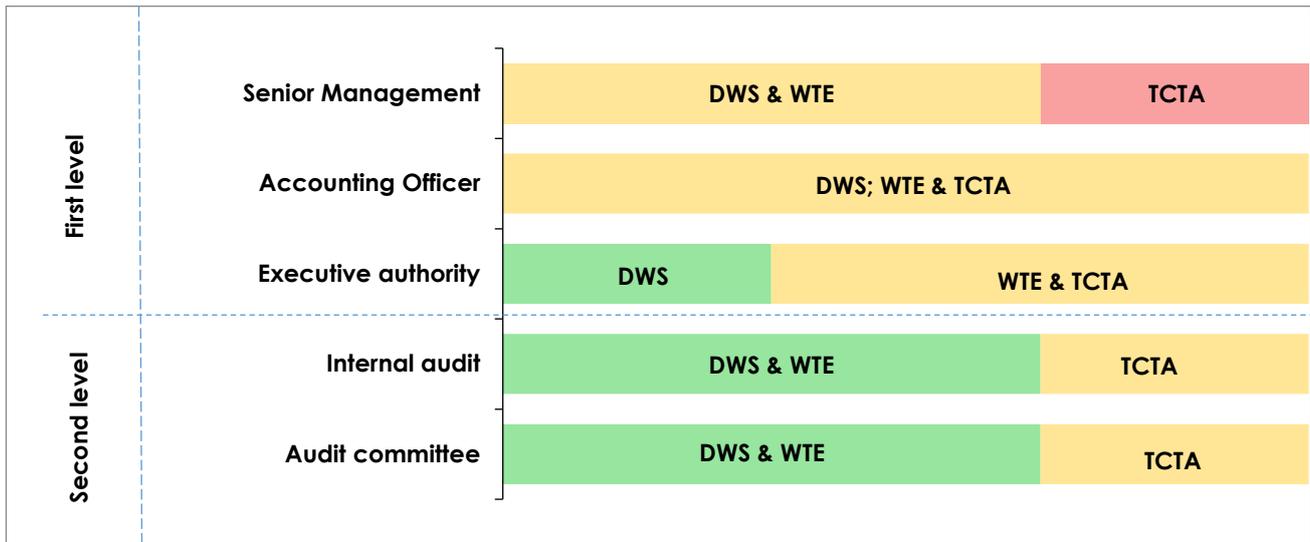
Status update on investigations conducted by SIU (Reported to SCOPA on 08 June 2022):

No	Proclamation	Status
1	Proclamation R27 of 2018 Contracts awarded by DWS to SAP <b>(DWS and WTE)</b>	Still in progress. The Special Tribunal handed a judgement on 15 March 2022 ordering that the service provider repay the Department of Water and Sanitation an amount of R413 million as the contracts entered into were declared unlawful and invalid.
2	Proclamation R33 of 2021 4 contracts awarded to EOH <b>(DWS and WTE)</b>	Still in progress

Several other investigations were also conducted, or were in progress, by the internal audit unit at the request of the accounting officer and/ or the executive authority arising from allegations of financial misconduct against officials of the department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the officials concerned, while others were still in progress at year end.



## 8 Assurance providers



We assessed the level of assurance provided by these assurance providers based on the status of internal controls at the department and entity and the impact of the role players on these controls.

## 9 Unauthorised, Irregular and Fruitless and wasteful expenditure

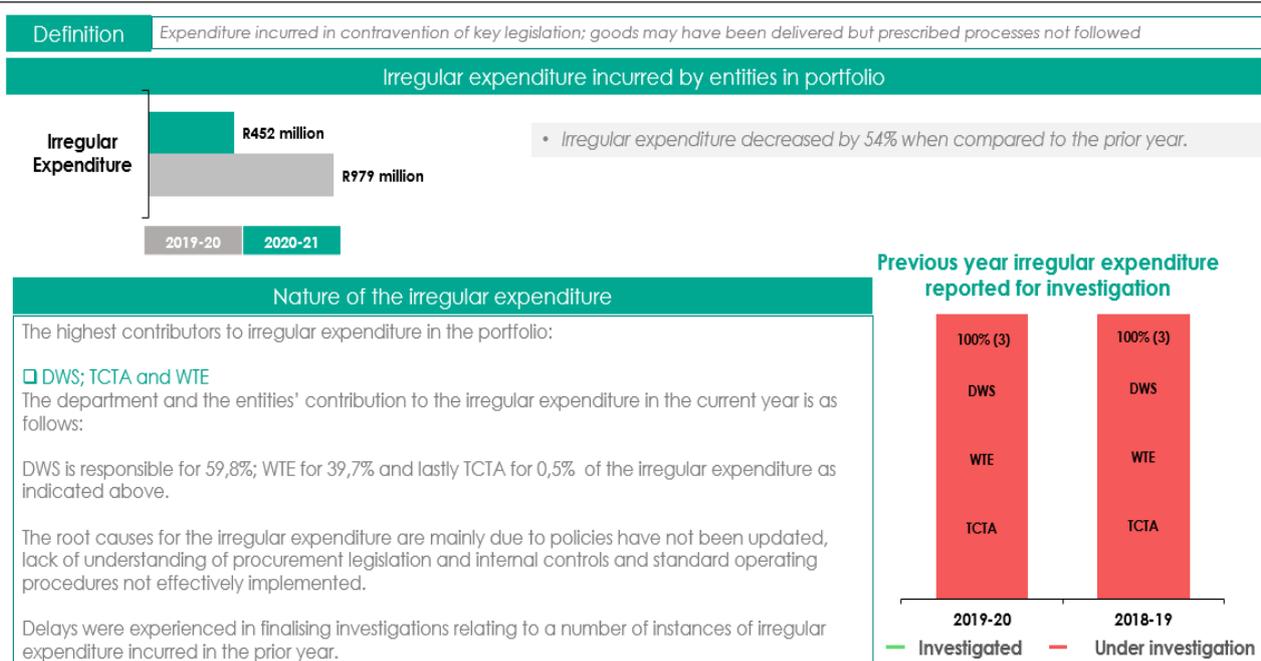
### 9.1 Unauthorised expenditure:

We did not report any Unauthorised expenditure, as none was incurred during the year under review.

### 9.2 Irregular Expenditure:

The following depicts the incidents of irregular expenditure incurred during the 2020/21 financial year only for the entities listed therein:

### Irregular expenditure over 2 years



## Reasons for irregular expenditure

The majority of the irregular expenditure were caused by deviations from normal procurement processes which were not justifiable, extension of contracts without prior approval by the delegated official and payments exceeding the commitment value of the contract.

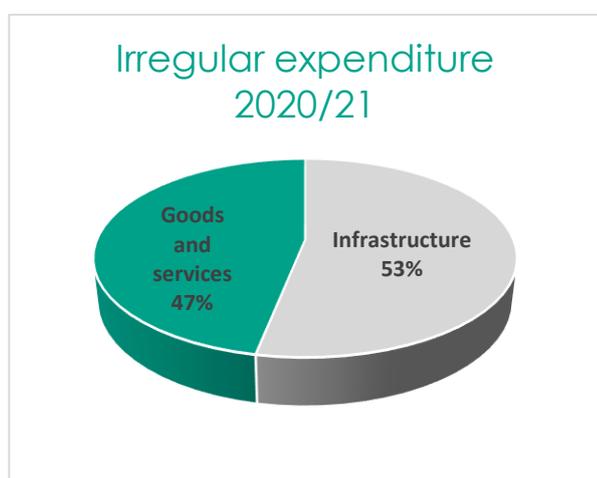
Of the total irregular expenditure, R81 million related to the Mopani emergency water and wastewater intervention, in respect of which proper procurement processes were not followed.

### 9.2.1 DWS

The irregular expenditure emanates mainly from prior period contracts for multi-year projects, which are still running.

The diagram below depicts the fact that 53% of the irregular expenditure for DWS on infrastructure is as a result of implementing agents not following proper procurement processes. This was mainly due to lack of oversight over implementing agents and lack of monitoring and oversight from the department.

Total irregular expenditure incurred for the year was R264 622 000. The breakdown of irregular expenditure between capital spending (infrastructure projects) and goods and services are reflected in the graph and tables below.



Infrastructure amount	Amount (R)
Contract extended without prior approval by the delegated official	15 823 000
Expenditure exceeded the commitment balance	13 437 000
Giyani - Implementing agent's non compliance	81 296 000
Contract amount exceeded without relevant approval by the Accounting Officer	29 995 000
	<b>140 551 000</b>

Goods and service	Amount (R)
Tested - No financial loss identified (service was delivered)	124 071 000
	<b>124 071 000</b>

The total balance of irregular expenditure as disclosed in the financial statements amounted to R 9 903 612 000 (2019-20 R 9 632 915 000). The major contributors that contributed to the Irregular expenditure are as follows:

No	Nature of irregular expenditure	Amount (R) 2020/21
1	Proper procurement procedures were not followed when appointing contractors	81 296 000
2	Discrepancies with the Bid Specifications	54 198 000
3	Procurement processes not followed in extending the contract	20 376 000
4	Contract amount exceeded without relevant approval by the Accounting Officer	29 995 000

- Implementing agents- Contract extended without prior approval by the delegated official R15 823 000
- Implementing agent Expenditure exceeded the commitment balance R13 437 000.
- Implementing agent Proper procurement procedures were not followed when appointing contractors R81 296 000

- Implementing agent- Contract amount exceeded without relevant approval by the Accounting Officer R29 995 000
- Discrepancies with the Bid Specifications ( Limiting the market and contravention of Section 217 of the Constitution) R54 198 000
- Procurement processes not followed in extending the contract: R20 376 000

### 9.2.2 WTE

The total amount of the current year irregular expenditure as disclosed in the financial statements amounted to R 179 932 000 (2019/20 R 142 146 000). **91% of the irregular expenditure incurred in the current year was as results of contracts varied by more than 20% without National Treasury pre-approval.**

The major contributors that contributed to the Irregular expenditure are as follows:

No	Nature of irregular expenditure	Amount (R) 2020/21
1	Procurement that did not follow the correct SCM process	1 639 000,00
2	Contract varied by more than 20% without National Treasury pre-approval	162 076 000,00
3	Payment related to purchase order issued after the contract expired and work was completed after the expiry of the contract without proper extension authorised.	16 217 000,00
<b>Totals</b>		<b>179 932 000,00</b>

### 9.2.3 TCTA

The total amount of the current year irregular expenditure incurred in the financial statements amounted to R1 712 195, which was a significant reduction from that incurred R141 889 075 in 2019-20.

The irregular expenditure was mainly caused by competitive bidding processes which were not followed for the appointment of a subcontractor, utilisation of a service provider not registered on national treasury central supplier database, and irregular human resources management processes.

The contributors that contributed to the Irregular expenditure are as follows:

No	Nature of irregular expenditure	Amount (R) 2020/21
1	Competitive tender process not followed.	470 293
2	Reinstatement of the agreement between TCTA and its Executive which is in contravention of the National Treasury and SCM Instruction Note 3 of 2016/17. Documents supplied reflected that no losses were suffered by TCTA.	803 460
3	Payment of acting allowance to the irregularly appointed Acting official, who was appointed by the former Chairperson of the Board, without obtaining concurrence of the Executive Authority as prescribed by the Notice of Establishment.	274 130

### 9.3 Fruitless and Wasteful Expenditure:

Refer to snapshot below for fruitless and wasteful expenditure incurred within the portfolio.

## Fruitless and wasteful expenditure over 2 years

**Definition** Expenditure incurred in vain and could have been avoided if reasonable steps had been taken. No value for money!

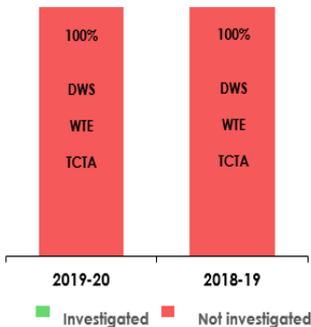
### Fruitless and wasteful expenditure incurred by entities in portfolio



- In the previous financial year, WTE being the largest contributor incurred 99,8% of the total Fruitless and Wasteful expenditure.
- In the current year, WTE contributed to 99,2% of the total Fruitless and Wasteful .
- The fruitless and wasteful expenditure was in the process of being investigated hence has not been dealt with as yet.

### Nature of the fruitless and wasteful expenditure

- The main contributor to the fruitless and wasteful expenditure was WTE with R158 million in the current year (2019-20 R353 million)
- WTE fruitless and wasteful expenditure mainly relates to losses and abnormal costs incurred relating to internal and external projects and interests on late payments.
- DWS contributed R14 thousand to the total of fruitless and wasteful expenditure in the current year, (2019-20 R20 thousand)
- TCTA contributed R1,3 million to the total of fruitless and wasteful expenditure in the current year (2019-20 R360 thousand)
- The balance of fruitless and wasteful expenditure as at 31 March 2021 amounted to R287 million (WTE R223 million and DWS R64 million).
- Management and the accounting officer did not ensure that there adequate preventive controls to identify non-compliance and to ensure compliance with legislation.
- Management had indicated that delays in the investigation processes due to the impact of COVID resulted in delays in implementing consequence management processes.



## 10 Key recommendations to the Committee

We request and recommend that the committee consider the following actions to be implemented as part of the role oversight can play in facilitating an improvement in the financial and performance management, as well as the status of compliance of the department to improve audit outcomes, thereby ensuring good governance and administration of public funds:

- Engage the accounting officer and executive authority on the steps taken to/ and or implemented to address the material irregularities identified. SCOPA must request the department to focus on the implementation of proper and timely preventative controls to avoid any future potential matters that may give rise to Material Irregularities (MIs), especially since the portfolio incurs large amounts of procurement to implement service delivery objectives.
- Continue its focus on consequence management from the accounting officer and the executive authority. Management must speedily complete all investigations and cases of irregular and fruitless and wasteful expenditure in order to take appropriate action. Many instances of irregular expenditure are linked to ongoing contracts and this will assist the condonation processes. Action should also reflect the severity of the transgressions noted to ensure effective consequence management.
- Engage the accounting officer and the executive authority on the challenges experienced with the management of projects, which impacts on service delivery objectives. Management must develop an appropriate action plan that clearly addresses the root causes for project over runs and delayed project implementation.
- Engage the accounting officer of actions taken and/or to be taken to ensure that the department presents credible financial statements for audit as material misstatements are identified during the audit process and mainly due to repeat audit findings including steps taken to address the prior year qualification area(s). The War-on-leaks programmes must be finalised through proper reconciliations and determination of value obtained from the programme. Payments made must be properly supported to avoid a possible future MI.
- Request the executive authority, supported by the accounting officer, the effectiveness of steps being taken to finalise the recalculation of the net benefit rate relating to the Royalty payments made to the Government of Lesotho. The finalisation of these discussions will facilitate the determination of any potential overpayments made to GOL since 2007. As a result of the downward amendments made to the Treaty requirements in the delivery of the quantities of water from 2007. Once these calculations have been finalised, it may require the implementation of a recovery process with the Government of Lesotho (future Royalty calculations etc).

