Portfolio Committee on International Relations and Cooperation

Budgetary Review and Recommendation Report

2021/2022

Chairperson:

Hon SOR Mahumapelo MP

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The Budgetary Review and Recommendation Report of the Portfolio Committee on International Relations and Cooperation, dated 19 October 2022

The Portfolio Committee on International Relations and Cooperation (the Committee), having considered the performance and submission to National Treasury for the medium term period of the Department of International Relations and Cooperation (the Department), and its entity, the African Renaissance and International Cooperation Fund (the ARF), reports as follows:

1. Introduction

The Portfolio Committee received the presentations on the Annual Reports 2021/22 of the Department and that of the African Renaissance Fund, on 12 October 2022. In its consideration of the reports, the Committee also enlisted input from the Office of the Auditor-General and the Audit committee on the annual performance of the Department and the entity on 11 October 2022.

1.1 The scope of the report

The focus of the assessment was on the performance of the five (5) key programmes of the Department namely; Administration, International Relations, International Cooperation, Public Diplomacy and Protocol Services as well as International Transfers. The Department's performance and that of the entity was measured against their set targets as identified in the respective Annual Performance Plans 2021/22, based on the Strategic Plans of 2020-2025.

Annual performance was also measured against Government's key priorities identified in the President's State-of-the-Nation Address (SoNA) of February 2021, the Government's Medium

Term Strategic Framework 2019-2024 and in accordance with information contained in the National Treasury 2021 Estimates of National Expenditure. Other key measures comprise of the moral values and principles that underpin the country's foreign policy. The report also covers the views and findings of the Committee, and the resultant recommendations borne out of the Members' scrutiny and analysis of the performance of the Department and its entity for the reporting period.

1.2 Mandate of the Committee

The Portfolio Committee on International Relations and Cooperation, is a committee of Parliament mandated by the sections 55 and 92 of the Constitution of South Africa,[1] to oversee and ensure accountability in the formulation and conduct of South African foreign policy. Consequently, the Committee conducts oversight on activities of the Department of International Relations and Cooperation and its Missions abroad, on its policies, legislation, financial spending patterns, administrative issues, and it holds the Department accountable for its operations and functions. The Committee is thus mandated by the Constitution to legislate, conduct oversight over the Department and also facilitate public participation. The Committee may also investigate any matter of public interest that falls within the foreign policy area of responsibility. The Committee is thus an important mechanism for ensuring oversight over the conduct of South Africa's international relations and cooperation policy.

1.3 Purpose of the Budgetary Review and Recommendation Report

In accordance with section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), the National Assembly, through its committees, must assess service delivery performance of each national department and submit Budgetary Review and Recommendation Report (BRRR) for each department, for tabling in the National Assembly. The process allows the National Assembly to evaluate the effective and efficient use of allocation of resources; and may make recommendations on forward use of resources. These reports will be considered by the Standing/Select Committees on Appropriations and Finance, respectively, when they make recommendations to the Houses of Parliament on the Medium Term Budget Policy Statement (MTBPS).

The Committee examined the expenditure report as published by the National Treasury, commonly known as section 32 Reports of the Public Finance Management Act (PFMA) 1999 (Act 1 of 1999). Reference was also made to the Auditor General's report on the 2021/22, Budget Vote 6 and the Department's Annual Report 2021/22.

1.4 The core function and mandate of the Department

The overall mandate of the Department is to work for the realisation of South Africa's international relations policy objectives. In terms of the provisions of the Constitution, the President of the Republic of South Africa bears the overall responsibility for the country's foreign policy and international relations. However, the Department is entrusted with the formulation, application and implementation of South Africa's foreign policy which is derived from South Africa's domestic priorities[2].

The Minister of International Relations and Cooperation (the Minister) assumes overall responsibility for all aspects of South Africa's international relations, albeit in consultation with the President. The Minister also liaises and consults with members of the Cabinet on overlapping issues and on the priorities and programmes of other departments that bear an international relations element[3]. In the same breath, other Cabinet ministers are required to consult the Minister on their international role.

1.5 Measurable Objectives of the Department

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[1] Constitution of the Republic of South Africa 1996

[2] Department of International Relations and Cooperation Annual Report 2021-2022

[3] Ibid

The Department's overall mandate is to work for the realisation of South Africa's foreign policy objectives. It achieves this through implementing identified strategic objectives aimed at responding to the domestic priorities as announced by government for the reporting year. This is done by:

 Coordinating and aligning South Africa's international relations abroad;
 Monitoring developments in the international environment;
 Communicating government's policy positions;
 Developing and advising government on policy options, and creating mechanisms and avenues for achieving objectives;
 Protecting South Africa's sovereignty and territorial integrity;
 Contributing to the creation of an enabling international environment for South African business;
 Sourcing developmental assistance; and
 Assisting South African citizens abroad[4].

During the reporting period, the thrust of the work of the Department remained anchored on these overarching priorities as confirmed by the January 2021 Cabinet Lekgotla and the 2021 State of the Nation Address (SoNA). In its work on these priorities, the Department is supported by the following activities:

- Organisational support;
- Rendering of professional services and
- Organisational strengthening.

2. Focus on compelling mandates

2.1 Analysis of the Department's prevailing strategic and operational plans

The Annual Report reflects the highlights of a number of diplomatic activities carried out by the Department including its Missions abroad. At the time of reporting, South Africa's representative footprint has grown from 34 in 1994 to 116 diplomatic missions in 2021/22 in 106 countries abroad, and through the accreditation of more than 160 countries and organisations resident in South Africa. The extended footprint also put the resources of the Department under pressure, especially within the current constrained fiscal environment in South Africa.

The Department has a dynamic role to play in the improvement of the lives of South Africans. This is achieved through identifying strategic opportunities for skills and knowledge development, targeted investments, and growing markets for South Africa's products and services abroad. This way, the Department ensures that international relations work is linked and responds to domestic imperatives.

During the reporting period, the Department remained focused towards implementing strategies and mechanisms to bolster regional and continental political and economic integration. These are the apex priorities of South Africa's foreign policy[5]. The inherent foreign policy outlook guided the Department's engagements in Africa, and with partners in the global South, developed nations of the North as well as in multilateral relations.

2.2 2021 State-of-the-Nation Address

In his February 2021 State-of-the-Nation Address[6], President Cyril Ramaphosa provided guidelines to the priorities to be pursued in support of the key national goals of foreign direct investment, job creation, as well as advancing the notion of global response to the challenge of COVID-19. It was said that the Coronavirus response requires ensuring equal access to

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[4] Department of International Relations and Cooperation Annual Report 2021-2022

[5] Annual Report of the Department of International Relations and Cooperation 2021/22

[6] Ramaphosa C, State of the Nation Address 2021

vaccines for South Africa and the African continent[7]. SONA has clearly highlighted the adversarial effects that the outbreak of this pandemic has had on the country's national priorities as articulated at the beginning of the year 2021. It was mentioned that part of the Department's principal responsibility it to help rebuild national economy.

2.3 Alignment to National Development Plan (NDP) and the 2021 MTBP Statement and the 2019-2024 Medium Term Strategic Framework (MTSF)

In Chapter 7 of the NDP entitled "Positioning South Africa in the world", the National Planning Commission argued that government's global and regional policy-making stance should be South Africa-centric. It should also improve South Africa's integration in the region, on the continent, among developing countries, and in the world with measurable outcomes. The National Planning Commission also argues that policy-making should be guided by the following principles and objectives[8]:

- Focus on what is achievable without over-committing to possibilities of regional and continental integration.
- Foreign Policy should be evaluated on a regular basis to "ensure that national interests are maximised".
- Remain an influential member of the international community;
- Deepen cooperation with Brazil, Russia, India and China as part of the BRICS group while promoting regional and continental integration;
- Stabilise the regional political economy through increased integration and cooperation; and
- Achieve measurable outcomes related to food, energy, education, health, transport and communication infrastructure, national defence, adjustment to climate change and economic growth to benefit all South Africans[9].

2.4 Service delivery environment

In its examination of the Annual report of the Department, the Committee observed that the Department had aligned itself with the prescripts of Chapter 7 of the National Development Plan entitled "Positioning South Africa in the world". (National Planning Commission (2011): One of the objectives of the national development plan is to enhance South Africa's position in the region and the world, and to increase trade and investment.

The plan states that the country's foreign policy should be shaped by the interplay between diplomatic, political, security, environmental, economic and regional dynamics that define international relations. The country should position itself as one of Africa's powerhouses, leading development and growth on the continent. Integration with the Brazil-Russia-India-China-South Africa group of countries should be deepened[10].

In this regard the Department is doing its part in contributing to the realisation of the plan's development goals. These are achieved through continuing to support regional and continental processes, responding to and resolving crises, strengthening regional integration, contributing to an enabling trade environment, increasing intra-African trade, and championing sustainable development and opportunities in Africa.

The Department recognises that the NDP proposed expansion of South Africa's trade and global market share. To achieve this, a greater productive and export capacity and global competiveness across the region needs to be built. The Department's strategic focus is thus to advance a developmental integration agenda in Southern Africa. This would be achieved by combining trade integration, infrastructure development and sector policy coordination.

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[7] Presidency, 2021

[8] National Planning Commission, 2011

[9] The National Development Plan, Chapter 7: Positioning South Africa in the World)

[10] The National Development Plan, Chapter 7: Positioning South Africa in the World)

The Committee, in its analysis of the Annual Report 2021/22, observed that the Department continued with its concerted efforts to execute South Africa's international relations strategy to address the country's domestic challenges. In this regard, the National Development Plan enjoins the Department to contribute towards addressing the identified triple challenges of poverty, inequality and underdevelopment. The NDP requires the Department to create a better life for all South Africans. This it should do while meeting the country's international obligations in a dynamic and complex global terrain. In this vein, South Africa's foreign policy objectives remained predicted on the country's national interest and identity.

There has been a clear and deliberate move to ensure there is a link between the activities of the Department and the implementation of Chapter 7 of the NDP Vision 2030. The NDP underscores the importance of building a nation that contributes to the prosperity of the southern Africa region, the African continent and the betterment of the lives of the marginalised throughout the world.

The NDP further requires that South Africa build a resilient economy which would contribute towards creating a working nation, in order to narrow and eventually eliminate the gap between the rich and poor. The Department recognises that the national priorities as contained in the NDP are inextricably-linked to the aspirations of the African continent. Hence, economic diplomacy would be used to promote the country as a trade and investment destination, thereby attracting foreign investment and also boosting its tourism sector[11].

The aspirations of the NDP have also found expression in the Southern Africa Development Community (SADC)'s development mechanism, the Revised Regional Indicative Strategic Development Plan (RISDP). These aspirations are also found in the continental programme as encapsulated in the African Union's (AU) Agenda 2063 Vision, and in the UN 2030 Agenda on Sustainable Development Goals (SDGs). The economic development integration of SADC remains a key focus area[12].

South Africa also contributed towards strengthening bilateral cooperation in various fields. These include agriculture, health - particularly dealing with the COVID-19 pandemic, science and technology, regional and global politics, peace and security on the Continent, food security and agriculture, tourism, minerals and energy, transport and infrastructure. South Africa and its partners fought hard for the relaxation of patent requirements to enable the Continent to manufacture the doses of vaccine required.

The global COVID-19 pandemic continued to impact on the work of the Department, however, South Africa continued to strengthen bilateral relations and cooperation with the world through structured bilateral mechanisms and the exchange of high-level visits and engagements. The areas prioritised were aligned to the imperatives of the NDP and MTSF. They included economic transformation, job creation, education, health, co-operation in energy, mining and the oceans economy, as well as skills development.

2.5 Opening remarks by the Chairperson of the Portfolio Committee, Mr SOR Mahumapelo MP

In his opening remarks, the Chairperson congratulated the people of the Kingdom of Lesotho, for conducting what has been regarded by SADC, African Union and other international observers, as a free and fair election. He commended South Africa's role as a SADC Facilitator to lead the reform process in Lesotho. He expressed hope that the incoming government would see the need to finalise the chapter of reforms, for stability and peace in Lesotho.

[11] National Development Plan 2030, Chapter 7 thereof

[12] Annual Performance Plan 2021/22 of the Department of International Relations and Cooperation

The Chairperson commended the Department for an unqualified audit opinion and the ARF was its successive clean audits, He encouraged both to maintain the current scenarios in the future.

3. Presentation on the annual service delivery performance of the Department in 2021/22 financial year

The Deputy Minister of International Relations and Cooperation, Mrs Candice Mashego-Dlamini, gave an overview, in the form of introductory remarks, on the overall performance as guided by the delivery programmes of the Department and the ARF for 2021/22. The Department then added details of the annual performance of the Department and the African Renaissance Fund.

In her introductory remarks, the Minister pointed out that during the reporting period, despite the challenges brought about the COVID-19 pandemic, the Department was able to achieve its set target on its core mandate.

3.1 Analysis of performance

According to the 2021/22 Annual Expenditure Report, the Department of International Relations and Cooperation spent R6 037 010 billion of its 2021/22 available budget (of R6.518 billion) as at the end of March 2022. The R6 037 010 billion in actual spending is R480.9 million lower than the projected expenditure for this period.

The lower than projected expenditure is mainly attributed to the lower than projected spending on goods and services, due to favourable exchange rates at missions for most of the 2021/22 financial year, as well as reduced travel or official trips attending the COVID-19 pandemic management related restrictions.

The lower than projected expenditure was also incurred by the budget for payments for capital assets due to delays in the procurement of the network infrastructure modernisation system and laptops for missions as the service provider for these services has not been identified yet; and delays in the implementation of the property management strategy attributed to the postponement of the required face-to-face bid evaluation committee meetings for services related to the execution of the strategy.

4. Overview and assessment of the financial performance of the Department for the 2021/22 financial year

4.1 **Financial expenditure trends of the Department**

The Department managed to maintain its spending within the reduced budget allocation in the implementation of the Annual Performance Plan. This was attained through the implementation of cost saving measures, such as revision of rental norms and standards, reduction on the international travel and doing more with less through the introduction of efficiency in the operation of the missions.

However, the Department had to navigate the impact of the budget cuts experienced on the compensation of employees, which unfortunately, has resulted in the expenditure exceeding the budget ceiling. Under this item, the Department reported that the higher expenditure trend on compensation of employees is attributable to COE ceiling implemented by National Treasury, which does not cover the cost for the filled positions, as well as the depreciation of Rand against major currencies which impacted expenditure incurred in foreign currency. The Department has since embarked on the closure of some missions abroad.

Table 1: Total expenditure for financial year 2021/22

Programme name	2021/2022		
R'000	Final Appropriation	Actual Expenditure	Variance
Administration	1 626 687	1 348 528	278 159
International Relations	3 354 652	3 275 846	78 806
International Cooperation	493 594	472 256	21 338
Public Diplomacy and Protocol Services	293 839	262 547	31 292
International Transfers	749 100	677 833	71 267
Total	**6 517 872**	**6 037 010**	**480 862**

Source: Annual Report of the Department of International Relations and Cooperation 2021/22

Administration
The variance is reported primarily attributable to the delay in the procurement process relating to ICT projects. It is also attributable to the delay in the implementation of property management strategy, coupled with delays experienced with the bid evaluation committees, as well as reduced travel expenditure due to lockdown restrictions.

International Relations
The variance is primarily attributable to reduced travel expenditure due to lockdown restrictions. It was also due to favourable exchange rates experienced on missions' transactions.

International Cooperation
The variance was primarily attributable to reduced travel expenditure due to lockdown restrictions. It was also due to favourable exchange rates experienced on missions' transactions.

Public Diplomacy and Protocol Services
In this programme, the variance was primarily attributable to expenditure relating to repatriation of South African Citizens abroad, which could not be processed before financial year end. It was also due to reduced travel as a result of COVID-19 lockdown restrictions.

Goods and services:
On this line item, the variance was primarily attributable to expenditure relating to repatriation of South African citizens abroad. It was further reduced due to less travel expenditure due to lockdown restrictions; as well as favourable exchange rates experienced on missions' transactions.

Transfers and subsidies:
The variance was primarily attributable to the transfer payment for South African Development Partnership Agency (SADPA) which was not paid during the year due to the non-operationalization of SADPA. Further savings arose from other transfer payments due to favourable exchange rates experienced at the time of payment and reduced assessments for United Nations.

Payments for capital assets
The variance was primarily attributable to the delay in the procurement process relating to ICT projects. This was further compounded by the delay in the implementation of property

management strategy due to delays experienced with the bid evaluation committees, which remain unavailable to meet.

Payments for financial assets
The variance was primarily attributable to forex loss relating to missions' transactions for operational costs.

5. Public Entity: Overview of the Annual Report 2021/22 of the African Renaissance and International Cooperation Fund

The Department, in consultation with the National Treasury, is responsible for the administration of the African Renaissance and International Fund (ARF), which was established in terms of Act 51 of 2000. This fund is under the control of the Director-General of the Department who must account for all payments into and out of the fund. An Advisory Committee was appointed to make recommendations to the Ministers of International Relations and Cooperation and of Finance on the disbursement of funds, as provided for in the African Renaissance and International Cooperation Fund Act, 2000.[13]

The objectives of the ARF are to promote economic cooperation between the Republic of South Africa and other countries in particular African countries,
through:

- promotion of democracy and good governance,
- prevention and resolution of conflict,
- socio-economic development and integration,
- humanitarian assistance,
- human resource development, and
- cooperation between South Africa and other countries[14]

The Fund is managed by the Department and payments are made on behalf of the Fund by the Department, once concurrence is received from the Minister of Finance. This has resulted in the opening of control accounts (Payables and Receivables) in the accounting records of the Department and these accounts are reconciled to the records of the Fund. The financial statements of the Fund are prepared separately from the Department as the Fund is registered as a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). All transactions and information arising from the work of the Fund are audited by the Auditor-General South Africa on an annual basis.[15]

The ARF is set up as a public entity. However, it does not yet have all the features necessary, like other public entities, due to its placement within the Department's structures. The ARF is still faced with challenges of a governance nature, due to it being located within the Department and utilising the Department's procurement processes. The entity does not have its own systems of financial and project management, and all its processes are manual. The ARF secretariat comprise of employees of the Department. The ARF has remained an important tool for the enhancement of South Africa's development cooperation on the continent and with other identified partners.

The ARF has achieved a consecutive unqualified audit opinion without findings in 2021/22.

5.1.1 **Service-delivery environment**
The report highlighted that the ARF plays a critical role in pursuing South African foreign policy in the Department. South Africa's foreign policy promotes the need to cooperate with all peace-loving people across the globe in pursuit of shared prosperity and a just, equitable and rules-based international order. These were said to resonate with the objectives of the ARF are to enhance cooperation between the Republic and other countries, in particular African countries, through the promotion of democracy, good governance, the prevention and

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[13] Annual Report 2021/22 of the African Renaissance and International Cooperation Fund
[14] Annual Report 2021/22 of the African Renaissance and International Cooperation Fund
[15] Ibid

resolution of conflict, socioeconomic development and integration, humanitarian assistance and human resource development.

The ARF Advisory Committee is said to convene once a quarter to, among others things, assess and recommend requests for funding for approval by the Ministers of International Relations and Cooperation and of National Treasury.

6. Report of the Auditor-General of South Africa 2021/22 on the Department of International Relations and Cooperation and its entity

The findings of the Auditor-General indicated that the financial statements presented fairly, in all material respects, the financial position of the Department as at 31 March 2022. The entity's financial performance and cash flows for the year, then ended in accordance with Modified Cash Standards (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA). The Department has received an unqualified audit opinion with material findings for 2021/22.
6.1.1 The Department

There During the financial year under review, the Department has received **an *unqualified audit opinion with material findings*** from the Auditor General for the financial year 2021/22, after four years of successive qualifications.

However, there is a concern that although the Audit Action Plan was developed, but its implementation was not adequate, resulting in some of the root causes contributing to repeat findings. Some of the areas which were not adequately addressed are reported as follows:

Most of the ICT related findings/recommendations were either not implemented or in progress due to various reasons. The quality of the Financial Statements for 2021/22 that were submitted for audit still contained material misstatements and errors, though subsequently corrected.

According to the Audit committee report, most of the material misstatements and errors identified by the audit, show that there may be gaps in terms of skills and capacity in the Finance Function. This strengthens the need for a fully qualified CFO in the Department. Fixed assets management is also reported to remain a significant area of concern.

The Auditor General's report depicts that the Department has received unqualified audit with material findings. These material findings relate to mostly repeat findings, and these are as follows:

The overall audit outcomes in the portfolio has improved when compared to the prior year. Dirco moved from financially qualified with findings to financially unqualified with material findings and ARF sustained the clean audit outcome. This was mainly due to maintaining basic financial discipline of preparing credible financial reports supported by reliable information, review and monitoring of compliance with applicable laws and regulations.

The AG commended management for addressing Dirco's prior year qualification on the current receivables: disallowance and damages account by ensuring corrective action was timeously implemented. Management is encouraged to maintain the controls that were implemented in clearing the disallowance account to avoid regression in this area.

Compliance with legislation remains a challenge for the Department, especially in the following focus areas: annual financial statements, supply chain management (SCM), expenditure management and consequence management. This is mainly due to consequence management not being implemented in a timely manner to address previously reported deficiencies and lack of adequate reviews at various levels supporting the preparation of annual financial statements. An additional non-compliance in revenue management was identified and reported in the current year. There must be focused interventions to address these matters.

6.1.2 Performance information

According to the Auditor-General, as of 31 March 2022, the Department has continued to produce a credible annual performance report that is useful and reliable. The department has managed to achieve 97% (33 of 34) of the planned targets on its key programmes namely: international relations; international cooperation; public diplomacy and protocol services and international transfers. In the current year, the AG scoped in for audit programme 2: international relations; the Department achieved 100% of its annual planned targets for the current year. The purpose of this programme is to promote relations with foreign countries through the three (3) branches of the Department, namely Africa; Asia and the Middle East and Americas and Europe.

Despite the challenges of limited air travel and covid-19 related restrictions, here are some of the key achievements we noted that contributed directly to the mandate of the Department: Missions continued to engage in economic diplomacy activities to promote the increase of value-added South African exports and the expansion of the South African investment footprint. Economic relations were strengthened through activities such as the hosting of business seminars, networking sessions and engagements with potential high-level investors and importers.

South Africa continued to strengthen bilateral relations and cooperation with countries on the continent through Structured Bilateral Mechanisms and High-level Visits and engagements during the period under review. The department is encouraged to continue in the execution of South Africa’s foreign policy as these efforts will contribute to foreign investment into South Africa, as well as increased trade and growth in the tourism sector.

6.1.3 Governance and stability

Although the portfolio is stable; there are vacant positions in the portfolio which cannot be filled due to the compensation of employee ceiling. The Department reported at least 237 positions at supervisory (196) and senior management level (41), these positions include the position of the DDG: global governance and CFO. Through discussions with management, currently some of the positions are being filled.

The AG noted the appointment of the DG after year end (01 April 2022); this appointment will ensure the continued stability in the portfolio. The vacancy of the CFO is in the process of being filled with shortlisting planned for October 2022. Subsequent to year-end, the AG noted that ARF financial manager position became vacant and is in the process of being filled. • The overall vacancy rate in the Department is 16%, which is above the national average vacancy rate of 10%. The rate has increased from the prior year (15%). These vacancies are not budgeted for in the current year. Due to the high number of vacancies in the supervisory and senior management roles, this has negatively impacted on the quality of information supporting the annual financial statements and adherence to applicable laws and regulations.

Due to the limit imposed by the ceiling, it is critical that the positions be aligned to areas of concern as per internal control weaknesses identified and areas where delivery of the mandate is done at the cost of employees' health. There should be an assessment of non-critical positions held by employees with the necessary skills to fill critical positions. This assessment can be used to close non-critical positions by restructuring.

6.1.4 Material irregularities

In the current year, Dirco was included for implementation of the material irregularity definition in terms of the PAA. We have not identified and reported any material irregularity in the current year. The department received a condonation approval from National Treasury on the payments made for the procurement of the property in New York. The Department is also pursuing the matter through the courts in an effort to try and recover the monies paid.

The audit team is currently assessing whether all non-compliances reported in the current and prior years resulted or is likely to result in material financial losses. Should it be concluded that there is any material financial loss, a notification will be issued to the accounting officer in due course. This may occur even after the audit report is issued.

6.1.5 Information technology (IT)

The Department continued to use old IT infrastructure due to ongoing delays in the implementation of the infrastructure modernisation project to replace the old and obsolete infrastructure. A service provider was appointed; however, they couldn't access some of the products they needed in the project as it is an international service provider and there were restrictions in countries due to covid-19 restrictions. Due to the delays and vacancies in key IT positions including the IT Security manager who is responsible for overseeing the overall entity's information and communication technology (ICT) Security, the IT control enhancements committed to in the previous cycle were not implemented, resulting in repeat IT findings.

Some of the key IT findings due to old infrastructure and some of which are due to lack of oversight included:
Patches were deployed manually into the production environment without being tested• Numerous backup failures were experienced due to obsolete backup solution and infrastructure. Program changes were not tested prior migration to the production environment. Employees no longer in the employ of the department not terminated in the systems. Some systems have a limitation as they did not have the functionality to log changes made on these applications. As per discussions with management, this is due to high cost involved in redesigning the systems. The above IT findings might also lead the department to being vulnerable to the risks of cyber-attacks and business continuity risk.

6.1.6 Financial assistance to Cuba (ARF)

In terms of the ARF act, the fund was established to enhance co-operation between the Republic and other countries, in particular African countries. Currently, Cuba is the only non-African country that is receiving funding from the ARF and the reasons for the funding of Cuba is based on the long-standing respectable, cordial and political relationship the two countries share.

In a contract, dated 03 February 2012 signed between the government of Republic of South Africa (SA) and the government of the Republic of Cuba on economic assistance, a funding package of R350 million was agreed on. Per the entity's reconciliations, the total assistance already dispersed to Cuba is R210 million. There is R50 million that was earmarked to be provided to Cuba and it has not yet been provided as it is now a subject of a court interdict. AfriForum was granted an interdict to stop Dirco from dispersing the R50 million aid assistance to Cuba. Dirco subsequently applied to have direct access to the constitutional court to have the matter heard, however the application was dismissed without hearing the merits of the matter. The Department is currently awaiting a high court date to have the merits of the case to be heard. During the audit process, the AG inspected approval documents for the amount and noted that it has followed the processes as per ARF Act; and was also cordially approved by both the Minister of International Relations and the Minister of Finance.

The AG further made findings of noncompliance with legislation on the following matters:

6.1.7 Unauthorised expenditure

It has been noted a reduction in unauthorised expenditure over the past two years, RNil in the current year compared to prior year (R150 million). This can be attributable to closure of some missions and non-filling of vacant positions in an effort to maintain the CoE within budget. Although the CoE celling implemented by National Treasury was exceeded, it did not result in unauthorised expenditure but irregular expenditure as the overall budget for main division was not exceeded.

6.1.8 Irregular expenditure

As disclosed in the reporting year, the Department has incurred a total of R110 million in irregular expenditure. This is attributable to twenty-nine (29) awards to the value of R1 366

579 were procured without inviting at least the minimum prescribed number of written price quotations from prospective suppliers and the deviation was not approved by a properly delegated official. In the other incident, specifications for one (1) award with a total value of R63 050 did not stipulate the minimum threshold for local production and content. Furthermore, the Department spent R100 million and exceeded the budget allocation of compensation of employees as per the allocation stated in the Adjusted Appropriation Act 18 of 2021.

The Department incurred irregular expenditure of R 7.77 million in the current year, mainly emanating from various matters identified by Dirco management including but not limited to expired contracts and SCM processes not followed. , since 2016, the accumulation of irregular expenditure amounts to R2 billion. Irregular expenditure not dealt with constitute 70% of R2 billion at Dirco. Spending condoned for this financial year is Condoned (only in 2021-22) is R139m (7%), not dealt with, is R1,4bn (70%). Dirco advanced reasons that management indicated capacity issues which led to a backlog in investigations. Unfortunately, non-compliance as well as consequence management remains a concern.

6.1.9 Fruitless and wasteful expenditure

The other matter is with regard to fruitless and wasteful expenditure to the amount of R4 million incurred by the Department in the reporting year. The major contributor to fruitless and wasteful expenditure in 2021- 22 was found relating to leave, salary allowance and COLA payments while the employee was absent from work without taking leave amounting to R2,9 million.

6.2 Performance information

The Auditor-General did not identify any material findings on the usefulness and reliability of the reported performance information for a sample on Programme 2.
The Auditor-General raised concerns with compliance with legislation. The material findings on compliance with specific matters in key legislation were as follows:

6.3 Compliance with legislation

6.3.1 Annual financial statements and annual report

The ARF was commended for submitting annual financial statements (AFS) that are free from material misstatements. The quality of the Dirco AFS submitted for audit remained a challenge as it contained material misstatements which were subsequently corrected by management, resulting in the Department receiving financially unqualified opinion and material non-compliance with section 40 of the Public Finance Management Act.

This could be attributable to inadequate reviews at various levels as most material misstatements came from supporting schedules which were not agreeing to the AFS submitted for audit. There are also capacity issues in the finance department with the critical CFO position being vacant which might have created added pressure on those acting. Some of the key staff within the finance division were posted to missions abroad, which resulted in an added pressure on the remaining staff.

Revenue management

A new non-compliance was identified relating to revenue management of the department where effective and appropriate steps were not taken to collect all money due to the department from rental deposit refunds, as required by section 38(1)(c)(i) of the PFMA. This was due to inadequate controls including the lack of reconciliations of the rental deposits account and a lack of consequence management on employee-tenants and corporate services managers for deposits not returned. Due to lack of effective and appropriate steps to collect rentals deposit refunds, the Department wrote off R26.9 million in rental deposits not collected in the current year.

There should be an agreement between the missions and the transferred officials which incorporates acknowledgement of debt at the beginning of the rental period. The agreement should also incorporate a standard period to return deposits; should the deposit not be returned within a certain time frame, collection should be made through other means, e.g.

deduction from payroll. Finance division should implement controls to ensure that proper reconciliations are performed on the rental deposit account during the year.

6.3.2 Expenditure Management

The ARF was commended for not incurring irregular and fruitless and wasteful expenditure over the past two years. The AG remained concerned that there has been notable increase in the levels of irregular expenditure in the portfolio at R311 million (2021: R187 million).

The Department has incurred irregular expenditure relating to the current year amounting to R109.9 million when compared to the prior year amount of R19.3 million. This represents more than 100% increase in irregular expenditure. The increase in irregular expenditure in the current year is as a result of non-compliance with the appropriation act, by exceeding the compensation of employee (CoE) budget without obtaining necessary approvals which contributed R100 million to the total Irregular expenditure and non-compliance with SCM legislation that contributed R10 million.

The AG also noted an increase in irregular expenditure arising from old contracts in the current year (R201 million) when compared to the prior year (R167 million). This was due to the department continuing to use the services from contracts previously declared as irregular, due to the critical nature of the services to the operations of the departments and its missions.

6.3.3 Consequence management

The Auditor-General has noted that whilst acknowledging the consequence management actions taken by the Minister in the prior year that resulted in dismissal of the CFO and DG in the current year, there is slow progress in these processes filtering down to the rest of the department which remains a concern. We noted that only 25% of the prior years' irregular expenditure has been investigated and all the fruitless and wasteful expenditure arising from 2017-18, 2018-19 and 2019-20 has not been investigated by the Department resulting in poor consequence management.

It needs to be taken into consideration that investigated and un-investigated matters would still be assessed for material irregularities and could still be assessed as MI. The DG's plan to address consequence management, included requesting National Treasury to assist with the investigation into irregular and fruitless and wasteful expenditure since the department did not have capacity to conduct the investigations.

The AG also took note that the DG is working on clarifying the reporting lines within the Department to ensure that there is clear understanding as to who is responsible for implementing consequence management at different levels. If the root causes leading to non-compliance with legislation are not addressed, the Department runs a risk of continuing to incur irregular, and fruitless and wasteful expenditure, which could lead to material irregularities in terms of the PAA. The Department needs to ensure that the current action plan is enhanced to address the repeat findings relating to compliance with legislation.

6.3.4 Procurement and contract management

ARF is commended for sustaining its compliance status as the AG did not identify material findings with compliance to legislation. Compliance with SCM prescripts remains a challenge for the Department. This is mainly at missions where procurement prescripts were not followed in the procurement of goods and services (similar matters were reported in the prior year) i.e. minimum quotations required were not obtained resulting in irregular expenditure being incurred. This was due to the lack of oversight and monitoring by those involved in the compliance processes which must be addressed as part of the audit findings action plan.

6.3.5 Internal control deficiencies

The internal audit function must continue monitoring the action plan. The audit committee should play an oversight role in the implementation and monitoring the effectiveness of the action plan.

6.4 The findings of the Auditor-General on the African Renaissance and International Cooperation Fund 2021/22

In the Auditor-General's opinion, the financial statements presented fairly, in all material respects, the financial position of the African Renaissance and International Cooperation as at 31 March 2022. They also presented fairly its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA). Consequently, the ARF received an unqualified audit opinion without findings in 2021/22 financial year.

Overall, the performance of the entity has improved significantly since it has a permanent secretariat. The AG reported satisfied that the internal audit function is operating effectively, and that it has addressed the risks pertinent to the entity in its audits.

The Auditor General's report has highlighted that the National Treasury is investigating possible irregularities in the African Renaissance and International Cooperation Fund's state of affairs, at the request of the former minister of the Department of International Relations and Cooperation. The investigation covers the period from 2012-13 to the 2017-18 financial years. The investigation had not yet been concluded and was still in progress at the date of this auditor's report.

Furthermore, the ARF was urged to improve its development of its targets so that they conform to SMART principles. The AG is also in support of the resolution by the Committee that there is a need to assess and ascertain that the work of the ARF brings about the necessary impact on the ground in the receiving countries, and contribute to improve the lives of people in those countries. Thus the Committee has asked for an impact assessment on the work of the ARF. The AG believes this report can be produced without having to await funding from the National Treasury, as suggested by the ARF secretariat.

7. Findings by the Committee

After due deliberations on the contents of the Annual Report of the Department and its entity, the Committee made the following findings:

1. The audit on performance reporting of the Department was found to have been useful and reliable in accordance with the applicable criteria defined in the reporting frameworks. The audit outcome on performance information has been positive for the past four years. The Committee commended the Department for the consistent and positive outcome on performance reporting.

2. The Department has received an unqualified audit opinion with material findings. The ARF has received a clean audit.

3. The Committee commended the Department for achieving the unqualified audit opinion with material findings. However, the members raised a concern that in the past, the Committee struggled to get an audit action plan from the Department. A request was made that this time, this process be managed properly. From the onset, when the Department starts working on the audit action plan, the Committee should be appraised particularly on progress, and whether internal control measures enable the Department to address issues raised by the Auditor-General.

4. The Committee sought clarity on the extent to which the DG is involved in the implementation of the Audit Action Plan, particularly regarding consequence management.

5. On ICT, the Department was asked to explain why targets were not met. With respect to financial statements, a concern was also raised that they continue to be submitted with material mistakes, which means they must then be brought back for correction.

6. A concern was further raised that, previously the Department indicated that it was addressing the issue of capacity in the finance branch. However, the report indicates otherwise that, in fact a number of people in that division have been deployed to missions that's leading to a skills gap or a capacity gap. The Committee felt that the branches of the Department are working as ‘holding rooms’ for people whose only focus is for their turn to be posted to missions abroad.

7. On procurement, a concern was raised, regarding why the Department did not seriously address this area as the Committee began raising it in the past. From the side of the Department there was a commitment to say that this matter will be addressed, but results prove otherwise.

8. The AG reported that effective and appropriate steps were not taken to collect all money due to the Department from rental deposit refunds, as required by section 38(1)(c)(i) of the PFMA. This was due to inadequate controls including the lack of reconciliations of the rental deposits account, and a lack of consequence management on employee-tenants and corporate services managers for deposits not returned. Due to lack of effective and appropriate steps to collect rentals deposit refunds, the Department wrote off R26.9 million in rental deposits not collected in the current year. The Committee sought clarity on the actions that the DDGs are taking at mission level to ensure that the Department does not forfeit rental deposits, as it has about a 1000 rented properties abroad. The Department ought to be having an early warning system that gives an alert at least six months before somebody vacates, for the Department to have an indication of whether the houses are in good order. The Committee sought a detailed report on all those properties that the Department owns and leases, and how much is being spent on them.

   The Committee felt that a lot of resources are channelled to the rentals as opposed to acquiring properties, and maintaining those that are left vacant and vandalised in missions abroad. The need for a development of a property management strategy, aligned to the Foreign Service Act was advocated. A further question was asked as to how much the Department is actually paying for office accommodation in the British Consulate offices in New York. A figure of $259 849 per month was mentioned. A written report was to be submitted within seven days.

9. The Committee noted that the AG found out that one of the biggest problems in missions abroad, is the fact that the Corporate Services Managers are not trained in financial and supply chain management when they get posted. The Committee sought clarity on the steps taken by the Department to address this issue in line with the Foreign Service Act 2019.

10. The Committee has since been waiting for the impact assessment from the ARF, the Department was asked to report on that and expedite the compilation of the report.

11. The Department reported it had developed a property management, and have a director qualified in built environment, and are partnering with G-Tech in National Treasury in this regard. An assessment of all 118 properties has been done, and 18 are earmarked for disposal. The Committee asked for a full report of the assessment, and that it be submitted within 14 days.

12. A need was identified for the Department to conduct a root cause analysis in order to deal with repeat challenges of supply chain management, green contracts, ICT, skills in finance branch and corporate services managers in missions.

13. The overall vacancy rate in the Department is 16%, which is above the national average vacancy rate of 10%. The critical one is that of the CFO. The rate has increased from the prior year (15%). These vacancies are not budgeted for in the current year. Due to the high number of vacancies in the supervisory and senior management roles, this has negatively impacted on the quality of information supporting the annual financial statements and adherence to applicable laws and regulations.

14. Due to weaknesses in daily and monitoring of controls, more time is taken in reconciling information that could have been reconciled accurately from the source. The above creates a ripple effect and leads to inaccurate financial information being submitted for audit and thereby increasing the risk of a poor quality submission.

15. Compliance with SCM prescripts remains a challenge for the Department, mainly at missions where procurement prescripts were not followed in the procurement of goods and services (similar matters were reported in the prior year) i.e. minimum quotations required were not obtained or resulting in irregular expenditure incurred on expired contracts.

16. The ARF received an unqualified opinion with no findings. It maintained clean audit outcomes because it has consistently demonstrated the basic financial discipline, consistent reviews and monitoring of compliance with applicable laws and regulations.

17. In 2020/21, the Committee commended the Minister for implementing consequence management at the highest level within the Department. It further noted that the Minister's efforts on consequence management have not yet filtered down to the rest of the Department, to promote a culture of consequent management.

18. The irregular expenditure arising from 2017-18, 2018-19 and 2019-20 has not been investigated by the Department.

19. On her own volition, the AG examined the processes around the planned donation of R50 million to Cuba. During the audit process, the AG inspected approval documents for the amount and noted that it has followed the processes as per the ARF Act; and was also cordially approved by both the Minister of International Relations and the Minister of Finance. The Department is currently awaiting a high court date to have the merits of the case to be heard on the matter. The Committee appreciated this initiative, and it was confirmed that in accordance with the ARF Act 2000, the aim of the African Renaissance and International Cooperation Fund is to 'enhance cooperation between the Republic and other countries, in particular African countries…while adhering to the country's values'. The Committee would closely monitor the court case brought by the Afriforum and follow up with the Department. The Committee further noted that its oversight remit extents to ensuring the implementation of bilateral agreements South Africa has with other countries.

20. The Department received a condonation approval from the National Treasury on the payments made for the procurement of the property in New York. The Department is also pursuing the matter through the courts in an effort to try and recover the monies paid. The implications on the other officials involved in the procurement for the pilot project were not clear. The Committee would monitor the outcome of the court processes and follow up with the Department.

21. It was noted that transactions of this nature require a Finance Team that is adequately qualified to deal with complex accounting standards within diverse multi-currency environment. Foreign exchange gains or losses require high level skills and frequent reconciliation exercises performed on time.

22. The Department continued with contracts which were irregularly awarded. One such contract is the bandwidth contract provided by the BT Communications for which the CFO was charged but not found guilty. The Department incurred irregular expenditure of R110 million in the current year. The majority of irregular expenditure was caused by the exceeding of the compensation of employees ceiling and the continuation with contracts that were extended/varied without approval from National Treasury.

23. The Department was reported to have unfavourable overall financial viability indicators. The AG reported that the Department has an overdraft amounting to R163 million on PMG account, and the Department's spending on compensation of employees exceeded the budget by R100 million, due to COE ceiling implemented by the National Treasury which does not cover the cost of filled positions. The Department's effort of reducing the shortfall on CoE such as revising the organisational structure and closing of missions are noted and the Department is encouraged to continue with these efforts.

24. In its Annual Performance Plan 2020/21, the Department had undertaken to review its organisational structure, to align it with its expanding mandate. During its orientation visit to the Department in August 2019, the Committee also found that there was a concerning misalignment in the organisational structure. The Committee further established that the Property Management unit was located within the Finance branch, creating a conducive environment where there was a conflict of interest between the work of the CFO and that required for property management. The Auditor General has again made a finding relating to lack of capacity in the Finance Branch. The Committee expressed frustration with lack of progress in ensuring relevant skills in finance, CSMs, built environment and supply chain management.

25. The audit team is currently assessing whether all non-compliances reported in the current and prior years resulted or is likely to result in material financial losses. Should it be concluded that there is any material financial loss, a notification will be issued to the accounting officer in due course.

26. The Committee applauded the achievements in the implementation of South Africa's Foreign Policy. Through the work of the Department and Missions abroad, South Africa has gained recognition in its promotion of multilateralism in global governance and is a respected global player, who champions the aspirations of developing countries, including those of Africa and the Global South.

27. The Committee further commended the Missions for having pursued their mandate even during the pandemic, especially those resident in Africa. The Committee wanted to see more activity including increased intra Africa trade from these efforts. Missions continued to engage in economic diplomacy activities to promote the increase of value-added South African exports and the expansion of the South African investment footprint. Economic relations were strengthened through activities such as the hosting of business seminars, networking sessions and engagements with potential high-level investors and importers.

28. South Africa continued to strengthen bilateral relations and cooperation with countries on the continent through Structured Bilateral Mechanisms and High-level Visits and engagements during the period under review. Dirco, through its missions, collaborates with other government departments, particularly the Department of Trade Industry and state-owned entities (SOEs). In this regard, the Committee sought to know the extent of coordination between DTI and Dirco, to ensure Economic diplomacy drive is for the benefit of South Africa.

29. It seemed like the Deputy Directors General (DDGs), under which these defaulting Missions fall, have also neglected their duty to assist the Department, by working closely with the Heads of Mission and Corporate Service Managers to deal with some of the root causes for repeat findings coming from their respective missions. Dedicated oversight meetings with respective DDGs are required.

30. It was previously reported that the bandwidth procurement process has been under way for some time and that the current service provider has had to be extended over several times, despite the fact that irregular expenditure has been incurred on the tender. In 2021, the Committee sought assurances that the Department was expediting the procurement process for the new service provider and that the green one (BT Communications) was being terminated. However, the 2022 AGs report highlighted that

the irregular contract would still continue for the next six months through a claimed transitional period for a handing over to a new service provider. Missions are still without tools of trade and faultless connections, exposing the systems to cyber-attack. It is noted with concern that former employees are still in the system, showing shortcomings with the ICT infrastructure.

31. The Committee noted that it has repeatedly commended the Department for clean audit received by the ARF. However, it expressed a concern that the fund seems not to have impact on this country's development cooperation agenda. More information was sought on the plans underway to ensure that the disbursement of the funds from the ARF demonstrates South Africa's contribution to the objectives set out in the ARF Act. Also, more information should focus on the turnaround time for the development interventions to be implemented and the extend this has impact on the beneficiary country.

32. A concern was raised regarding the no spending under programme 5: Transfers, due to the fact that SADPA is not active, as the migration from the ARF arrangement has still not materialised. The Department was asked to provide timeframes for the implementation of this decision, and the assurance that National Treasury would not end up withdrawing the allocation altogether.

33. The Committee raised a concern that the Department consider procuring ICT machinery in the areas where the missions are, to save money on transportation and ensure proximity in case of malfunctions.

8. Responses by the Department

The Department responded to the Committee's findings and observations as follows:

On the issue of the audit Action plan, the Department noted the comment, and undertook to update the Committee on the progress on its implementation.

On the issue why the Department is not addressing the issues of compliance when it comes to laws and regulations, the Department responded that it was looking into strengthening consequence management.

On the ICT contract, the Department has two service providers concurrently because there has to be a transition period so that the handover of the lines takes place without interrupting the operations of the Department.

On the issue of rentals, indeed the Department has written-off R29 million. The Department was forced to write-off simply because they were recorded against the officials who have already left the Department and could not be traced back to them. Going forward, before an official receives a key, they will sign an indemnity for indicating that they will be liable for breakages.

With regard to properties and facilities management units, the section has been established and now has a chief director who is also qualified in the built environment. Over and above that, the Department is partnering with G-Tech from National Treasury for strengthening the units going forward. The Department would be able to tap into the professionals including architects, quantity surveyors and civil engineers.

On the issue of a huge property that is occupied only by an ambassador, the Department is looking at changing it into a staff apartment that at least would accommodate about three families. In that regard, it would help the Department to make sure that it is using the space effectively, rather than what is happening right now.

9. Conclusions

Both financial and non-financial performance by the Department in the reporting year has been commendable. The Committee is encouraged by the efforts undertaken to contribute towards a better life for all in South Africa; striving for a stable and secure continent; and creating a better world for all.

The Committee expressed satisfaction that the Department has utilised its budget in accordance with its plans for 2021/22. The Department was regarded as having demonstrated accountability to Parliament and the people of South Africa on resources spent, and how it contributed in the achievement of South Africa's national priorities. The Department was applauded for continuing to position South Africa as a respected member of the international community, with a dynamic and independent foreign policy that speaks to the country's domestic priorities.

The Committee noted recurring weaknesses highlighted by the Auditor-General. It further welcomed the acknowledgement and commitment by the Department, to improve in addressing operational challenges, consequence management and maintaining clean governance approach. The Accounting Officer and Senior management and in particular the Finance branch, were regarded as critical in addressing the recurring challenges that renders the Department amenable to material findings. Their attitude to and knowledge of their work, cooperation and attendance of meetings where these issues are addressed, were regarded as important links for enhancing the performance of the Department. The Committee reiterated the importance of consequence management efforts trickling down to the lower levels in the Department.

The Department also expressed determination and undivided attention to pursue best practices in the areas of consequence management, expenditure management, contract management, financial management, supply chain, and information and communications technology, as raised by the office of the Auditor-General. The Committee noted that there is room for improvement with necessary adjustments in service delivery.

With regard to the ARF, the Committee found that the overall performance of the ARF is good, and cautioned against the slow pace of migrating to an agency, the South African Development Partnership Agency (SADPA) as directed by Cabinet in 2009. The ARF was noted as working in line with the aspirations of the NDP in pursuing a peaceful and prosperous Africa. The Committee urged the Department to popularise the good work done through this foreign policy soft power instrument.

10. Recommendations

The Committee is of the opinion that overall the Department has performed according to the goals it had set itself for the 2021/22 reporting period. The 2021/22 budgetary allocations of the Department were generally aligned to the national strategic priorities outlined in the 2021 State-of-the-Nation Address, as well as its strategic direction in terms of its Medium Term Expenditure Framework 2019-2024. An undertaking by the Department to improve on weaknesses identified by the Auditor-General, and working towards a clean audit, would demonstrate a positive indication of commitment of purpose by the Department to diligently execute its mandate.

In order to further assist the Department to enhance its performance, the Committee recommends that the Minister ensures that the Department implements the following and report to the Committee within three months of the adoption of this report by the National Assembly:

1. Maintain unqualified audit opinions for the Department, and aim to achieve a clean audit.

2. Compile a comprehensive report on all those properties that the custodianship of the Department and leases, and how much is being spent on them. Furthermore, ensure there is an immediate agreement between the missions and the transferred officials which incorporates acknowledgement of debt at the beginning of the rental period.

3. Operationalise the approved organisational structure to address capacity challenges in the Finance, property management and the Legalisation units to deal with reported backlogs and have relevant skills.

4. Continue with the investigation of the remaining irregular expenditure cases, extend the investigation to fruitless and wasteful expenditure and action the recommendations of the investigation reports for the investigated cases.

5. Enhance oversight role on compliance with key legislations applicable to the Department, by taking corrective action for non-compliance especially on repeat matters.

6. Relook at the policy for posting of officials abroad as some of the Corporate Service Managers (CSMs) do not have formal finance background training and experience. CSMs are charged with the day to day running of the missions which amongst others include managing finances.

7. Ensure that DDGs assist the Department by working closely with the heads of mission and the CSMs in order to determine the true root causes for repeat findings coming from their respective missions. DDGs should also assist the department to pursue consequence management on those responsible for irregular expenditure.

8. Ensure the action plan is root cause focused and is assessed for effectiveness in addressing the findings.

9. Develop a report on how the Department would contribute to reducing the rate of youth unemployment in the country, either through internships or learnerships.

10. Conduct an assessment of non-critical positions held by employees with the necessary skills to fill critical positions; and use the assessment to close non-critical positions by restructuring without retrenchments, in order to address the high vacancy rate.

11. Develop and submit a full report on the implications of the decision to request National Treasury for condonation of the New York pilot project payment within 4 weeks.

12. Submit the reported assessment of all properties abroad including those 18 earmarked for disposal within 14 days.

13. Ensure that the Internal Audit Unit together with the Audit Steering Committee review the audit action plan to ensure that root causes are properly identified and that it is adequate to address findings.

14. Investigate all reported unwanted expenditure (irregular, as well as fruitless and wasteful) for the following financial years: 2017-18, 2018-19 and 2020-21 and report on progress thereof quarterly.

15. Ensure the development of a property management strategy in line with the Foreign Service Act 2019, with relevant skills and separate from the Finance branch.

16. Consider approaching the National Treasury, to assist in the conduct of a thorough competency assessment of the financial management function in particular, as well as provide support to the identified skills deficiencies in the Finance Branch in general.

17. Ensure that suitably qualified accountants, including personnel accredited by the Institute of Chartered Accountants in near future or through other means, are recruited.

18. Terminate all expired and irregular contracts with service providers and report to the Committee on a quarterly basis of the progress thereof.

19. Ensure that a culture of consequence management is cultivated and maintained in the Department.

20. Fast-track the securing of a service provider for ICT modernisation and syncing with activities of South Africa's missions abroad.

21. Prioritise the provision of tools of trade to the Missions abroad to enable remote working and full participation in the demands of digital diplomacy.

22. Conduct an impact assessment on the work of the African Renaissance Fund, with details of how the disbursement of funds from the ARF contributes to South Africa's development cooperation agenda.

23. Prioritise the processing of the Partnership Fund for Development Bill, and stipulate timeframes, to facilitate the migration from the ARF to SADPA.

24. Ensure that the ARF develops annual targets that are in line with SMART principles.

25. Develop a report showing how the closing of missions and the implementation of a new organisational structure would assist the Department to remain within the ceiling for the compensation of employees.

26. Ensure that South Africa continues to implement its international obligations under international agreements it has entered into with different countries, adhering to the constitutional values of patriotism, Ubuntu, friendship and solidarity for needy causes.

27. Ensure that all the outstanding reports due to the Committee are finalised and presented within 60 days.

To the National Assembly:
28 The National Assembly should consider the importance and uniqueness of the oversight mandate for the Committee, which warrants that it conducts oversight beyond the borders of South Africa, where South Africa's Foreign Policy is implemented. The prevailing Parliamentary Oversight Model, is inward-looking, envisaging oversight by committees only inside the country, thus excluding the requirement for oversight beyond the borders of the country. The Committee notes that the Office of the Speaker has requested an advisory report from the office of the House Chair-Committees regarding the mandate of the Committee. The wish of the Committee is for the matter to be attended to with speed.

The oversight mandate of the Committee includes the following areas:

- South Africa's Missions abroad are responsible for the implementation of South Africa's Foreign Policy in their areas of accreditation. There is a need for the Committee to conduct oversight, at least twice a year, on these Missions to ensure service delivery.
- The Committee conducts Parliamentary Diplomacy jointly with counterpart committees in other countries, to assess the implementation of structured bilateral mechanisms that South Africa has with strategic partners across the world.
- It also conducts verification oversight visits to project areas of the African Renaissance Fund (ARF) in Africa and elsewhere.
- The Committee should also attend and monitor the participation of South Africa in multilateral forums related to Foreign Policy. This is to assess the impact of the Department's participation on the outcomes of those organisations.

29 Facilitate synergies between the PGIR and the Portfolio Committee on International Relations and Cooperation for effective international participation.

30 Consider liaising with the Portfolio Committee when proposing establishment of bilateral and multilateral Friendship Groups agreements. The friendship groups best illustrate

the bilateral exchanges between parliaments, in particular with regard to the development of parliamentary diplomacy. The activities of these groupings rely on an oversight framework of committees, and should the occasion arise, the opinion of the Portfolio Committee on International Relations and Cooperation should be considered.

31 The Committee should be allowed to attend the annual Heads of Missions Conference in order to sharpen oversight on foreign policy trends and priorities discussed during these conferences. The South African Missions abroad are the implementing mechanisms of the South Africa's Foreign Policy.

32 The Committee, as a whole, should be allowed to conduct state of readiness oversight visits where the Department is responsible for facilitating the hosting of international conference with a foreign policy undertone.

33 The Committee, as a whole, should be allowed to attend international conferences held in South Africa in pursuance of South Africa's Foreign Policy.

Report be considered.

Sources

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