**Report of the Portfolio Committees on Communications and Digital Technologies on the Report of the Auditor-General of South Africa on the Material Irregularities in National, Provincial and Local Governments dated 14 March 2023**

1. **Introduction**

On Tuesday, 13 September 2022, the Announcements, Tablings and Committee (ATC) ATC No. 137—2022 referred to the Portfolio Committee on Communications and Digital Technologies (and other Committees) the Report of the Auditor-General of South Africa (AGSA) on the Material Irregularities (MIs) in National, Provincial and Local Governments.

1. **Discussion**

The AGSA briefed the Committee on MIs in the Department of Communications and Digital Technologies (Department) as well as in its Entities, on 21 February 2023.

The AGSA presented the MIs of the following Entities reporting to the Department:

1. **South African Broadcasting Corporation** (**SABC):** The Accounting Authority (AA) is dealing with both MIs appropriately and is awaiting the finalisation of the court proceedings;
2. **State Information Technology Agency (SITA):** The AA is dealing with both MIs appropriately, as the arbitration process and court proceedings have been initiated;
3. **South African Post Office** (**SAPO):** Referral to the Directorate for Priority Crime Investigation (DPCI) on fraud committed on the SASSA grant payment process (2021); and
4. **Postbank**:Both MIs are in the process of being referred to the MI Committee. Further actions might be taken based on the submission made by the AA.

For both the SABC and the SITA, the Accounting Authority was still dealing with the MIs. AGSA is now awaiting court proceedings and arbitration processes to conclude. Referrals were made to the DPCI regarding the South African Post Office’s fraud cases committed during the COVID-19 relief grant payment process in 2021. For the Post Bank, both irregularities were still in a referral process, and further action might be taken based on the submissions by the Accounting Authority.

(The presentation of the Auditor-General is available upon request)

1. **Committee Deliberations**

Having met with both the Department and AGSA, the Committee noted:

1. its appreciation for the presentation made by the Office of AGSA;
2. that it welcomed the recommendations of AGSA;
3. it appreciated that the introduction of the concept of MIs had given more power to the AGSA to ensure that common errors or deficiencies are isolated, and that those activities putting the public purse at risk of financial loss, are identified and pursued;
4. that it required clarity on the arrests made in respect of transgressions;
5. that it needed clarity in respect of the certificate of debt. AGSA noted this would be a last resort after those who are accountable have failed to enforce Consequence Management;
6. when remedial action is not implemented, then the certificate of debt kicks in. The certificate would be made out in the name of the Accounting Officer as it implies that the Accounting Officer was not doing his/her work;
7. that legal consequences regarding the MIs would only occur once all steps of internal controls were not implemented;
8. its concerns that monies for medical aid of Post Office employees were deducted and not paid over to the medical aid. This amounted to fraud and must be investigated. The Committee wanted to know if AGSA has instituted any investigation on the matter. AGSA responded that the matter is receiving their attention to establish whether there are MIs and will report back to the Committee once the investigations are concluded;
9. that it required clarity on the two fraud cards detected within the Postbank. AGSA responded that when the contract moved over from the previous owner to the Post Office, the Postbank was still a subsidiary of the Post Office. The Post Office did not ensure that they had sufficient controls, and that the safety and security of cards were not compromised;
10. with concern that fraudulent transactions in the Post Office regarding the R350 grant were reported. AGSA indicated that it was aware of all the fraud issues, including the R350 allocation, and that they are keeping track of all these fraud cases and that these are receiving the necessary attention; and
11. that AGSA was aware of the issues at Postbank and that the key areas of concern are being investigated.
12. **The Committee Resolved:**
13. that that the Department must ensure that the recommendations of AGSA were not ignored;
14. that the Committee will give timeframes to the Entity oversight body on the resolutions of the AGSA’s recommendations;
15. that AGSA come and present its latest PFMA report as much progress has been made on the recovery of monies lost due to corruption; and
16. that AGSA updates the Committee on any MIs.
17. **Resolutions for the Committee are that it should:**
18. adopt the recommendations of AGSA;
19. provide a timeframe to the Executive Authority as the Entity Oversight to get the recommendations by AGSA resolved;
20. ensure that its oversight responsibility was strengthened and that it monitors the Entities in accordance with the recommendations received by AGSA;
21. ensure that a joint meeting with the Portfolio Committee on Social Development is arranged to clarify the issues of the grant and related matters; and
22. undertake an international benchmarking study tour to learn and understand best practices from other countries on the oversight work of their respective Government Departments and the ICT sector.
23. continue to engage the Minister and AGSA on progress made to address AGSA’s concerns.

**Report to be considered**