**Report of the Standing Committee on Finance on the Oversight Visit to the Government Technical Advice Centre (GTAC), dated 02 May 2023**

1. **INTRODUCTION AND BACKGROUND**
   1. The Standing Committee on Finance (SCOF/the Committee) undertook an oversight visit to the Government Technical Advice Centre (GTAC)on 30 March 2023 in Gauteng. The main purpose of the visit was to get a briefing on its audit action plan given that it had received an unqualified audit opinion with findings on its performance and annual financial statements. There were also material findings on the usefulness and reliability of reported performance information which were reported in the last audited and prior year.
   2. The Auditor General of South Africa (AGSA) briefed SCOF on 21 February 2023 about the audit outcomes of the finance portfolio. A decision was taken by the Committee to conduct an oversight visit to the National Treasury and all entities that had negative audit outcomes for 2021/22. The Committee conducted the same exercise last year with regards to the audit outcomes of 2020/21.
   3. The entities visited on 29 and 30 March 2023 were the National Treasury, Cooperative Banks Development Agency (CBDA), FAIS Ombud, Financial and Fiscal Commission (FFC), Financial Intelligence Centre (FIC), the Office of the Pension Funds Adjudicator (OPFA), Government Technical Advisory Centre (GTAC), Government Pensions Administration Agency (GPAA) and Public Investment Corporation (PIC).

1. **DELEGATION**

Parliamentary Delegation

* 1. The Committee delegation comprised of the following members: Mr MJ Maswanganyi (Chairperson of SCOF, ANC), Ms P Abraham (ANC), Ms D Mabiletsa (ANC), Mr G Skosana (ANC), Ms W Alexander (DA), Mr F Shivambu (EFF) and Mr W Wessels (FF+). The delegation was accompanied by the following parliamentary officials: Mr A Wicomb (Committee Secretary), Ms Cele-Ntshinka (Committee Assistant), Dr Z Hlophe (Content Advisor), and Ms A Manamela (Researcher).

National Treasury and GTAC Delegation

* 1. NT delegation comprised of: Mr E Godongwana (Minister of Finance), Ms L Mseme (Acting Chief Operations Officer), Mr L Batwa (Parliamentary Officer), Ms N Mahori (Parliamentary Officer), Mr K Bosoga (IT Support), and Mr M Khan (Director).
  2. The GTAC delegation comprised of: Ms R Engela (Accounting Officer), Mr M Rautenbach (Chief Finance Officer), Mr S Sisayi (Deputy Director: Compliance and Risk), Ms E Venter (Chief Director: Strategy, Management and Communication), and Ms P Twala (Deputy Director: Performance Compliance).

AGSA Delegation

* 1. The Auditor-General delegation comprised of: Ms M Madondo (Senior Manager), Mr L Kuse (Senior Manager), Ms N Matanzima (Business Unit Leader), Ms K Naicker (Deputy Business Unit Leader), Ms A Whitfield (Senior Manager), and Mr M Jimmy (Acting Product Champion).

1. **OVERVIEW OF GTAC**

3.1 AGSA noted that GTAC had material findings on the usefulness and reliability of reported performance information. This was due the performance information in the Annual Performance Report not being supported by reliable evidence. The technical indicator descriptions did not clearly specify the method of calculation for key indicators.

3.2 AGSA further noted that the accumulated balance of irregular expenditure amounted to R56.7 million. This irregular expenditure was related to non-compliance with applicable procurement legislation.

3.3. GTAC has only had acting appointment is the position of the Head of GTAC since it was established in March 2012. Many other senior management positions are vacant with acting appointments. Leadership instability, according to AGSA, contributes poor governance and adverse audit findings.

**4. GTAC AUDIT ACTION PLAN 2021/22**

Material finding on performance information.

4.1.GTAC told the Committee that there was one material finding on its performance information. There was an error on its technical indicator description where its method of calculation referred to numbers in simple count while the target and indicator referred to percentages.

4.2. GTAC reported that it had requested the Minister of Finance to approve the amendment from simple count calculation to percentage calculation. However, the Minister found this error to be minor and administrative in nature with no impact on GTAC’s performance. As a result of this, the Minister did not approve the amendment.

4.3. GTAC reported that the AGSA disagreed with the Minister’s decision and raised a finding and GTAC appealed the finding, supported by the Audit Committee. The appeal was however not successful.

4.4. GTAC raised concerns regarding the appeals process of the AGSA. It argued that the appeals process was not adequate and fair as AGSA acted as judge and juror in a dispute that it was involved in.

4.5. GTAC reported to the Committee that it had subsequently corrected its calculation method on in its 2023/24 annual performance plan. It said that it had conducted additional quality assurance on its annual performance plan assisted by its internal audit and in collaboration with the Department of Planning, Monitoring and Evaluation (DPME), NT and AGSA. It said that this was done to detect and prevent errors and ensure compliance with the applicable regulations.

4.6. GTAC further reported to the Committee that workshops were held with business units on planning and reporting to ensure that indicators were clearly defined at inception, and reported performance is consistent with its annual performance plan.

Vacancies for the Head of GTAC and senior management positions

4.7. AGSA had also made a note pertaining to vacancies for the Head of GTAC and other senior management positions. GTAC reported that the non-appointment of the Head of GTAC was due to the job evaluation of this position being disputed by NT for four years. GTAC reported that the job evaluation has since been approved and the recruitment process was underway by NT.

4.8. GTAC further reported that all senior management vacancies were on active recruitment as advertisements had been sent out and closed. It said that shortlisting and interviews were underway and acting appointments in those positions were extended until the recruitment process is finalised.

Deficiencies in consequence management

4.9. AGSA had noted the accumulated balance of irregular expenditure from the previous years which related to non-compliance with applicable procurement legislation. GTAC reported that consequence management has been fully implemented resulting in the condonement of R50.3 million of irregular expenditure for 2017/18 by the Office of the Chief Procurement Officer (OCPO) on 30 June 2022.

4.10. GTAC further reported that condonement of the remaining irregular expenditure (made up of: R56.9 million in 2018/19, R19.2 million in 2019/20 and, R1.7 million in 2020/21) was under review by Internal Audit and will then be submitted to the OCPO.

**5. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

**5.1.** The Committee notes and welcomes that the performance indicators have been reviewed and corrected by GTAC in its 2023/24 annual performance plan (APP). It also notes that there has been quality assurance support in collaboration with AGSA, Internal Audit, DPME and NT to prevent and detect errors and ensure compliance with applicable regulations.

5.2. The Committee further notes that workshops have been held with business units on planning and reporting to ensure that indicators are clearly defined at inception and that reported performance is consistent with the APP.

5.3 The Committee notes with concern the delays in the filling of the Head of GTAC position. Since it was established in 2012, GTAC has been headed by acting appointments. GTAC is a very important institution which administers some crucial projects on behalf of NT, including the Jobs Fund and the Municipal Finance Improvement Programme (MFIP). These latter programmes have been struggling to meet their performance targets.

5.4. The Committee urges the Minister to expedite the filling of the Head of GTAC position and all senior strategic positions as soon as possible. The Committee was told that these positions will be filled by the end of the Q1 of the present financial year and the Committee will hold the Executive Authority accountable for this.

5.5. The Committee notes and welcomes that GTAC incurred no irregular expenditure in 2021/22 and achieved 91% of its planned targets that year.

5.6. The Committee is concerned about the slow processes of consequence management at GTAC. The Committee calls for a speedy resolution of about R80 million in irregular expenditure from 2018 to 2021.

5.7. The Committee requires quarterly written updates to be submitted by GTAC on the implementation of unresolved matters on its audit action plan, particularly on vacancies and consequence management.

The Standing Committee on Finance asks the National Assembly to adopt this Oversight Report.

Report to be considered.

The DA reserves its position.