

DEPARTMENTAL FINANCIAL TURNAROUND STRATEGY

Presented by:
Designation:
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WATER IS LIFE - SANITATION IS DIGNITY



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



CONTENTS

- Purpose
- Part A: Introduction
- Part B: Progress report on departmental financial turnaround strategy
- Part C: Debts owed by municipalities to water boards
- Part D: Sustainable water and sanitation infrastructure between different spheres of Government
- Conclusion

PURPOSE

To brief the Portfolio Committee on the departmental financial turnaround strategy.

PART A: INTRODUCTION

INTRODUCTION (1)

- The Department (inclusive of the Water Entities) has developed and is currently implementing a Turnaround and Financial Recovery Plan addressing *inter alia* the following:
 - Service delivery improvement
 - Performance and discipline/consequence management systems
 - Institutional stabilization
 - Capacity and transformation
 - Supply Chain and Financial Management
 - Infrastructure maintenance and development
 - Stabilisation of the Department (Leadership, ethics and organisational culture, staff training and development).

INTRODUCTION (2)

- The Department was previously considered bankrupt, due to unfunded accruals and commitments.
- As a result, the department owed service providers and contractors more money than was available and operated on bank overdrafts.
- The department was in a very poor financial position with negative audit outcomes
- There were many cases of unauthorised, irregular, fruitless and wasteful expenditure, corruption
- Implementation of the turnaround plan has resulted in the situation where the department is now in a healthy financial position. Incidents of irregular and unauthorised expenditure have been greatly reduced.

PART B: PROGRESS REPORT ON DEPARTMENTAL FINANCIAL TURNAROUND STRATEGY

PRIOR YEARS FINANCIAL AND COMPLIANCE CHALLENGES

- The prior years challenges as outlined in the report of the Auditor-General of South Africa to Parliament on Vote 36: Department Of Water And Sanitation (2017/18 FY) included amongst others the following:

Main Account (Vote)

Qualified audit opinion

- The Department had an overdraft of R119 million (2016-17: R193 million), cumulative unauthorised expenditure of R933 million (2016-17: R406 million)
- Accruals and payables to the value of R2,005 billion (2016-17: R1,572 billion) as at 31 March 2018
- Existence of material uncertainty that may cast significant doubt on the department's ability to continue as a going concern (thus its ability to undertake its objectives where the vote has been depleted).

Water Trading Entity

Qualified audit opinion

- The Entity incurred a deficit of R573 million (2016-17: R3,764 billion) during the year ended 31 March 2018. The Entity incurred an overdraft of R1.412 billion (2016-17: R2.187 billion)
- Accruals and payables to the value of R1.424 billion (2016-17: R1.519 billion) as disclosed in note 18 to the financial statement.
- Existence of material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. Furthermore, the entity's budget for 2018-19 was only approved on the 3rd of August 2018.

FINANCIAL RECOVERY PLAN OVERVIEW

Broad strategies	Key outputs	Status
Funding and budget management	Implementation of audit action plans	Internal and External Audit Action Plans were developed and are being implemented.
	Zero balance on overdraft	Positive bank balance achieved for both Accounts.
	Implementation of debt collection and revenue enhancement strategy	Implementation of Revenue enhancement strategy, credit control and intergovernmental relations.
Expenditure control, financial governance and accountability	Implementation of the accruals and payables management plan	Prior years' accruals and payables have been reduced through payments made from reprioritised budgets.
	Fruitless and wasteful expenditure condonations and remedial measures.	Preventative measures have been implemented to ensure that no further incidents are reported.
	Irregular expenditure condonations and remedial measures report	Irregular expenditure was incurred on running contracts which were declared as irregular in the previous financial years. Dedicated capacity has been assigned to expedite investigations, disciplinary proceedings and condonations processes.
	Report on implementation of exit strategies on irregular contracts	Legal review of irregular contracts is in progress. This includes work by the SIU and Legal Services.
Alignment of strategic intent	Align strategy, annual performance plans (APP) and budgets	Strategy and APP have been aligned to Estimates of National Expenditure, Procurement Plans and Project Implementation Plans.
Capital budget and asset management	Comprehensive reconciliations of assets and liabilities to enable maintenance of proper accounting records for management and reporting purposes.	Status reports have been compiled for infrastructure assets with remedial actions. Annual engineer's reviews are also being compiled with remedial actions

SUMMARY OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Details	Main Account		Water Trading Entity	
	2022/23 R'000	2021/22 R'000	2022/23 R'000	2021/22 R'000
Unauthorised expenditure	641 109	641 109	-	-
Fruitless and wasteful expenditure	16 577	16 813	240 628	206 808
Irregular expenditure	9 459 879	9 459 106	6 749 654	7 082 046

- The Unauthorized Expenditure relates to overspending on Bucket Eradication and War on Leaks programmes in prior years.
- Fruitless and wasteful expenditure relates mainly to costs that could not be recovered from projects, (internal and external construction projects)
- Included in the Irregular Expenditure is an amount of R138.732 million submitted to NT for condonation, and R8.299 billion referred back to the Department to finalise compliance requirements and other legal processes.
- The reported incidents of unauthorized, irregular, fruitless and wasteful expenditure are at various processing stages, including investigations (by the Department, Special Investigating Unit and South African Police Service), disciplinary and court proceedings.
- The Department has appointed contract workers and a panel of Professional Service Providers (PSPs) to augment the current investigation capacity of the Internal Audit Unit (assisting with the investigations for irregular, fruitless and wasteful expenditure).
- The contractors have started with the first batch of investigations and are expected to conclude by 31 March 2024.

SUMMARY OF FRUITLESS AND WASTEFUL EXPENDITURE

Details	Main Acc	WTE	Total R'000
	2022/23 R'000	2022/23 R'000	
Opening balance	16 813	206 808	223 621
Additions (New cases)	303	33 820	34 123
Deductions (Amounts recoverable)	-	-	-
Deductions (Amounts written-off)	(539)	-	(539)
Closing balance	16 577	240 628	257 205

- Fruitless and wasteful expenditure relates mainly to costs that could not be recovered and capitalised to projects, these were incurred on internal and external construction projects.
- Investigations are being accelerated to enable finalisation before the end of 2023/24 financial year.
- Additions/New cases include:
 - Main Account: Official submitting falsified claims, internal and SAPS investigations have been concluded.
 - WTE: Losses incurred relating to external projects, abnormal costs incurred relating to internal projects. These costs are part of the current investigations.
- Deductions/Written-off cases include:
 - Write-offs approved in line with recommendations of the investigations report and corrective action taken against responsible officials.

SUMMARY OF IRREGULAR EXPENDITURE

Details	Main Acc	WTE	Total
	2022/23 R'000	2022/23 R'000	R'000
Opening balance	9 459 106	7 082 046	16 541 152
Additions	773	100 835	101 608
Condonations	-	433 227	433 227
Closing balance	9 459 879	6 749 654	16 209 533
Of which:			
Condonations currently under assessment by NT	138 732	-	138 732
Condonations referred to the Department by NT	6 026 940	2 272 275	8 299 215
Cases under Investigation	265 405	1 770 120	2 035 526
Cases under assessment	3 028 802	2 707 064	5 735 866
Total	9 459 879	6 749 654	16 209 533
Percentage breakdown			
Condonations currently assessment by NT	1%	0%	1%
Condonations referred back to the Department by NT	64%	34%	51%
Submitted for investigation	3%	26%	13%
Assessment	32%	40%	35%
Total	100%	100%	100%

- Of the irregular expenditure R16.209 billion: R138.732 million is in the process of condonation; R8.299 billion referred to the Department; R2.036 billion submitted for investigation; and R5.736 billion under assessment.
- Additions include:
 - Main Account: Proper process not followed when appointing the official to the post of the Deputy Director.
 - WTE: Emergency procurement not supported by National Treasury in the previous financial year.
- Condonations/Removal include:
 - Irregular Expenditure that has been condoned in line with the National Instruction Note.

IRREGULAR EXPENDITURE REFERRED BACK TO THE DEPARTMENT TO FINALISE COMPLIANCE REQUIREMENTS AND OTHER LEGAL PROCESSES (1)

Description	Main Account	WTE	Total	Status/ Comments
	R'000	R'000	R'000	
Giyani Water Services Project	3 381 034	-	3 381 034	Action was against the responsible employees of Lepelle Northern Water. Furthermore one DWS employee was charged, found not guilty. The matter is currently under judicial review before the Labour Court. There are ongoing investigations by the Hawks. The employee has since been dismissed on other procurement related charges on 4 November 2022.
Upgrading of the Thukela Goedertrouw Scheme	-	477 310	477 310	Two employees were implicated. One of the implicated employees was charged and found not guilty. This finding also forms part of the above-mentioned Labour Court review proceedings. Regarding the other employee, charges were initially served but will be reformulated arising from a recent Special Investigating Unit (SIU) report. Revised charges are being formulated and the disciplinary process will shortly ensue.
Support and maintenance of SAP ECC6	-	285 951	285 951	Disciplinary file is currently being processed by Labour Relations.
War on Leaks Project	823 130	1 499 330	2 322 460	After considering representations from the alleged offender, the Accounting Officer, decided not to pursue disciplinary action pending the outcome of an application by the SIU for a proclamation to investigate the matter. The employee was informed accordingly. Closeout Report is also awaited from EWSETA, but there are delays due to the ongoing mediation hearing between EWSETA and the appointed Servicer Provider.

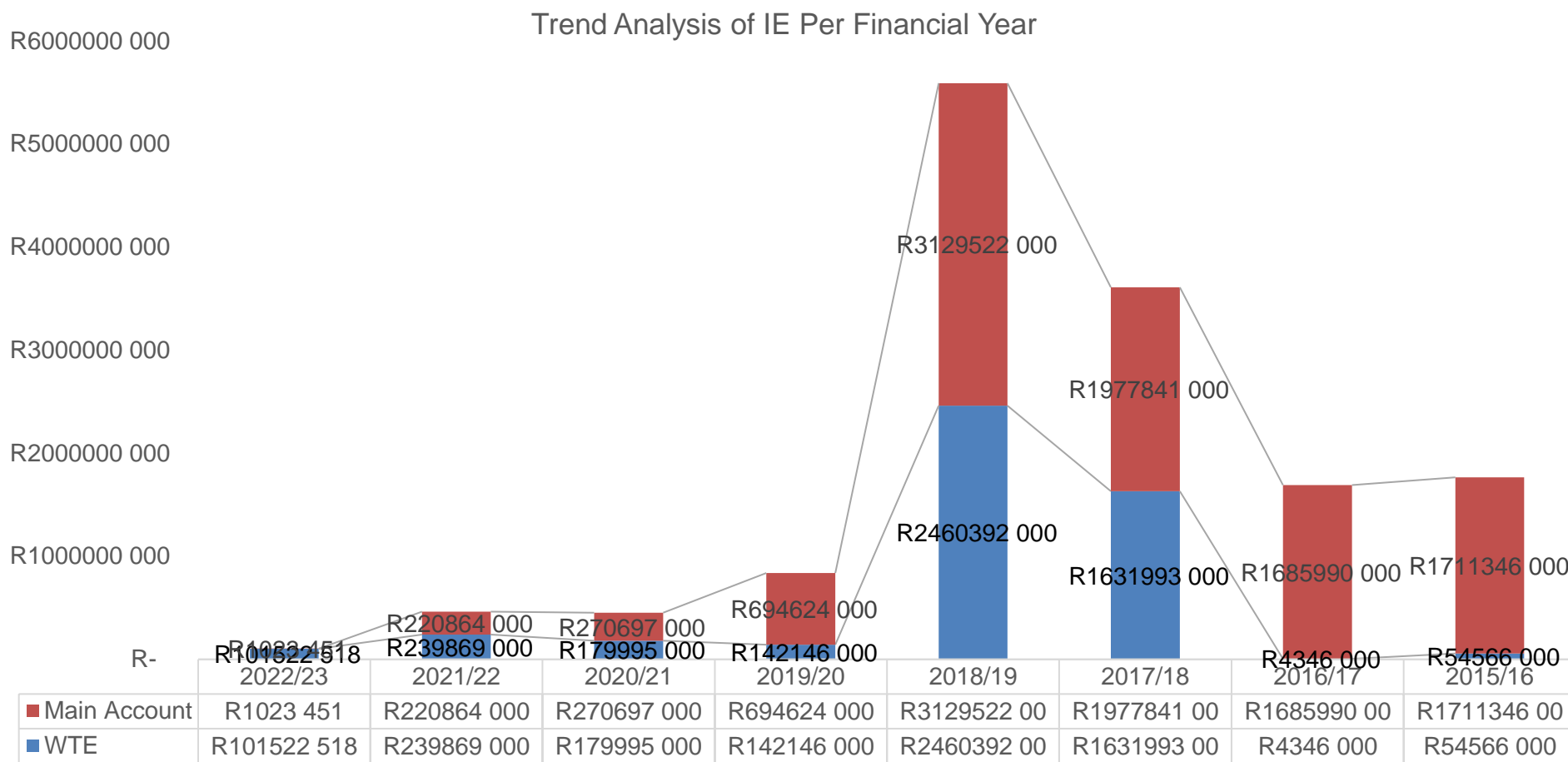
IRREGULAR EXPENDITURE REFERRED BACK TO THE DEPARTMENT, TO FINALISE COMPLIANCE REQUIREMENTS AND OTHER LEGAL PROCESSES (2)

Description	Main Account	WTE	Total	Status/ Comments
	R'000	R'000	R'000	
Bucket Eradication Project	1 503 707	-	1 503 707	Based on insufficient evidence, the Accounting Officer decided, not to pursue disciplinary action. The employee was informed accordingly. Closeout report is being compiled to assess value for money which is part of the condonation process.
Financial advisory services	17 901	-	17 901	The Employee has transferred to the Gauteng Provincial Treasury and the charges were subsequently transferred in terms of Section 16B of the Public Service Act to the new department. The hearing is in process and the Department is cooperating with the current employer to bring the matter to a conclusion. The next hearing dates are 22 – 29 May 2023 and 7 – 9 June 2023.
Desalination Plant Richards Bay	301 168	9 684	310 852	Two employees implicated. Hearing in respect of one employee has been concluded and she was found guilty and dismissed on 4 November 2022. Hearing in respect of the other employee is pending. New allegations have been received and he was served with an audi-alteram partem letter on 11 May 2023.
Total	<u>6 026 940</u>	<u>2 272 275</u>	<u>8 299 215</u>	

UNAUTHORISED AND IRREGULAR EXPENDITURE WITH NATIONAL TREASURY AND IN PROCESS OF CONDONATION

Description	Main Account	WTE	Total	Status/ Comments
	R'000	R'000	R'000	
UNAUTHORISED EXPENDITURE:				
Bucket Eradication Programme and War on Leaks	641 109	-	641 109	Submitted to National Treasury. The request in still being considered by Parliament.
Total	<u>641 109</u>	-	<u>641 109</u>	
IRREGULAR EXPENDITURE:				
Transfer payments	114 879	-	114 879	Submitted to National Treasury. The request in still being considered by Parliament.
Bucket Eradication Programme	20 376	-	20 376	
Investigators (Water Boards)	3 477	-	3 477	The irregular expenditure still in the process of condonation.
Total	<u>138 732</u>	-	<u>138 732</u>	
Grand Total	<u>779 841</u>	-	<u>779 841</u>	

IRREGULAR EXPENDITURE TREND ANALYSIS (ANNUAL MOVEMENT)



IRREGULAR EXPENDITURE TRANSGRESSIONS (1)

- Analysis of all the irregular expenditure cases incurred in the prior years and the nature of transgressions revealed the following control deficiencies within the procurement processes:
 - Bid evaluation not done in accordance with the advertised evaluation criteria.
 - Change of scope of work after bid awarded without approval by the delegated official.
 - Competitive bidding process not followed: deviations for emergency procurement not supported or approved by National Treasury.
 - Competitive bidding process not followed: Service providers appointed as sole suppliers without supporting proof.
 - Contracts extended without prior approval by the delegated official(s).
 - Contract signed by an unauthorised official and without legal vetting.
 - Expenditure in excess of contract amount.
 - Declarations not made by company directors employed by the state.
 - Procurement above R500 000 not done through competitive bidding.
 - Appointment of services providers not on the panel of preferred suppliers.

IRREGULAR EXPENDITURE TRANSGRESSIONS (2)

- Service providers appointed without signed valid contracts.
 - Services rendered after contract expired without approval by the delegated official(s).
 - SITA legislation requirement not complied with when advertising bids (for example, IT services not procured through SITA).
 - Tenders advertised for a shorter period without National Treasury approval and tenders not advertised publicly.
 - Variation order exceeding the threshold and not approved by National Treasury.
- Supply Chain Management Policies and Standard Operating Procedures have been updated and communicated to staff with continuous monitoring and support of implementation processes.
 - The Department has put in place various preventative measures to ensure that incidents of improper expenditure do not recur.
 - All outstanding cases of unauthorised, irregular, fruitless and wasteful expenditure are being fast tracked for finalisation in the 2023/24 financial year as per the Department's commitment made to the Standing Committee on Public Accounts.

IRREGULAR EXPENDITURE CONDONED

Description	Total R'000
BCX – Information Technology Services	347 229
Caps M – Cleaning services	53 587
Alteram Solutions – Call Centre	230 545
Private Security Services	967 491
EOH Mthombo – Information Technology Services	236 349
Sundry Payments	64 644
CSIR (V&V Project)	73 566
Umgenti Water (Adopt-A-River)	10 017
Unlimited SAP licences	285 000
Total	2 268 428

The accounting officer or accounting authority or delegated official must consider the following information when requesting condonation of irregular expenditure (PFMA Compliance and Reporting Framework):

- confirmation that a determination test was conducted;
- findings and recommendations of the loss control function or another relevant function that conducted the determination test;
- confirmation that the matter is free of fraudulent, corrupt or other criminal conduct;
- if the matter has fraudulent, corrupt or other criminal conduct, confirmation of a case number showing that a case was opened with the South African Police Services;
- confirmation that no loss was incurred and that value for money was achieved;
- confirmation that disciplinary action was taken or in the process of being taken against the responsible official or officials; and
- confirmation of remedial actions taken or being taken by the accounting officer or accounting authority to prevent the recurrence of irregular expenditure in similar circumstances.

PART C: DEBTS OWED BY MUNICIPALITIES TO WATER BOARDS

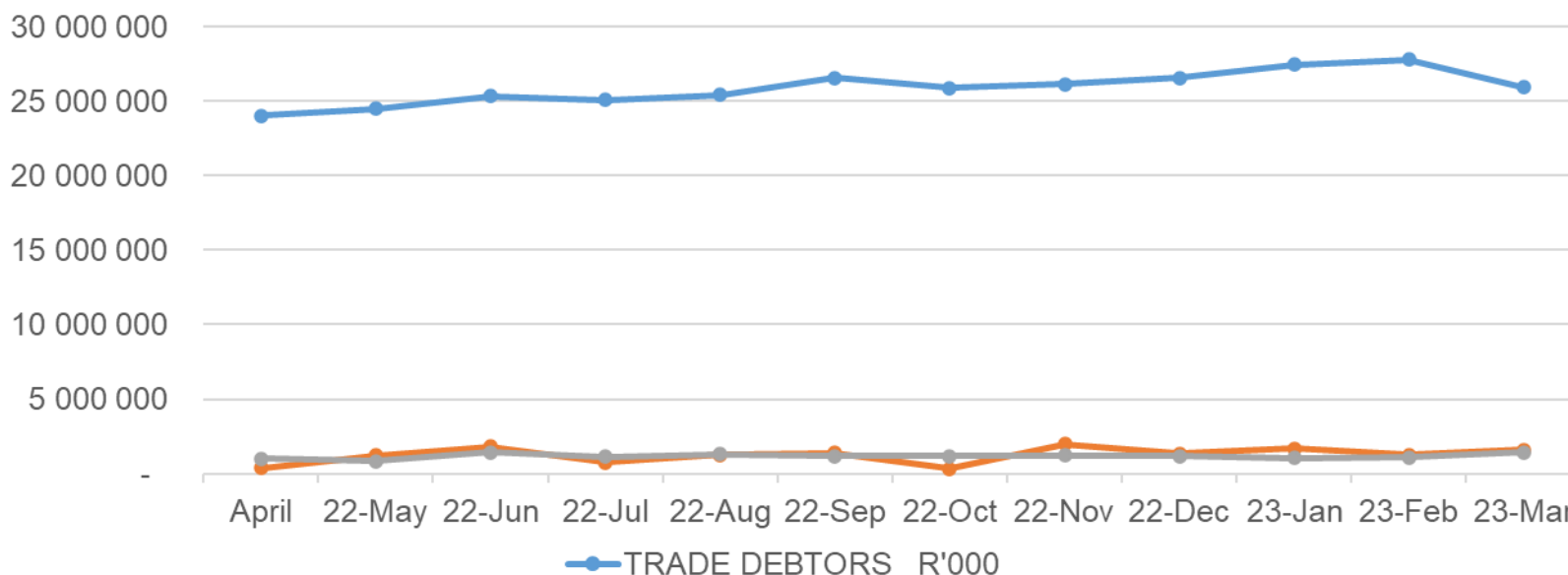
STRENGTHENING CREDIT CONTROL IN THE WATER SECTOR

- DWS and the water boards are putting in place the following measures to strengthen billing and revenue collection:
 - DWS will collaborate with National Treasury to ensure that equitable share allocations are withheld from non-paying municipalities.
 - DWS will ensure that standardised credit control and debt recovery processes will be put in place across all the water boards. This will include consistent enforcement of water limitations/restrictions on non-paying municipalities and legal processes to attach municipal bank accounts where necessary.
 - Bulk prepaid meters will be installed by water boards in municipalities with a poor payment record.
 - The Minister is in the process of consulting with Mayors about the measures to be taken before implementation.
 - In addition to credit control measures, the Department continues to participate in Inter-Governmental Relations forums (including Department of Cooperative Governance and Traditional Affairs, South African Local Government Association and National Treasury)

TRADE DEBTORS, BILLINGS AND RECOVERIES

MONTH	TRADE DEBTORS	MONTHLY BILLINGS	MONTHLY CASH COLLECTED
	R'000	R'000	R'000
22-APR	24 035 927	351 913	1 005 068
22-MAY	24 519 809	1 193 854	848 610
22-JUN	25 336 559	1 822 356	1 411 497
22-JUL	25 088 472	758 954	1 129 187
22-AUG	25 425 406	1 231 903	1 305 409
22-SEP	26 586 870	1 372 687	1 156 907
22-OCT	25 913 626	320 347	1 179 824
22-NOV	26 161 130	1 952 357	1 190 640
22-DEC	26 567 020	1 355 656	1 150 238
23-JAN	27 459 832	1 672 031	1 039 390
23-FEB	27 805 751	1 246 149	1 075 582
23-MAR	25 955 678	1 577 852	1 435 561
TOTAL	25 955 678	14 856 059	13 927 913

GRAPHICAL PRESENTATION OF TRADE DEBTORS AND RECOVERIES



Debt recovery measures being implemented include:

- The appointment of 15 Debt Collectors participating in the National Treasury Transversal Contract to assist the recovery of outstanding debtors
- Credit Control Standard Operating Procedures for Water Trading Entity and Water Boards has been developed to standardise and strengthen credit control measures and debt recovery processes
- An Incentive Scheme is currently being implemented to encourage customers to settle the capital balance within a reasonable period of time and the interest is waived.

WATER BOARDS DEBT TO DWS (FOR RAW WATER)

Name of Customer	Sum of Current R'000	Sum of 30+ Days R'000	Sum of 60- 90 Days R'000	Sum of 120+ Days R'000	Sum of 150+ Days R'000	Sum of 180+ Days R'000	Sum of Total R'000
AMATOLA WATER	25 326	19 616	6 987	10 113	8 277	274 057	344 376
BLOEM WATER	276 667	125 363	46 584	61 303	39 761	4 513 891	3 713 741
LEPELLE NORTHERN WATER	32 571	15 985	9 007	10 082	9 541	420 335	497 522
MAGALIES WATER	51 095	26 924	23 083	10 512	8 617	827 426	168 134
MHLATHUZE WATER	11 098	19 339	8 431	8 024	8 283	39 531	94 706
OVERBERG WATER	229	-152	-25	-	-	-	52
RAND WATER	728 090	1 756 002	-	-	-	38 105	2 522 197
UMGENI WATER	-869 683	1 022 004	2 277	116	3	152 075	306 792
Grand Total	255 394	2 985 082	96 344	100 150	74 482	6 265 420	7 647 520

WATER BOARDS AGE ANALYSIS (DEBT BY MUNICIPALITIES)

NAME OF WATER BOARD	TOTAL BALANCE	CURRENT	DAYS 30	DAYS 60	DAYS 90	DAYS 120+
	R'000	R'000	R'000	R'000	R'000	R'000
Amatola Water	349 694	67 251	11 180	11 734	12 115	247 413
Bloem Water	7 340 160	181 519	175 399	186 342	169 209	6 627 690
Lepelle Northern Water	609 167	0	36 657	40 452	22 866	429 958
Magalies Water	989 302	46 322	40 585	18 467	18 158	865 770
Mhlathuze Water	102 521	22 768	23 793	25 536	1 874	28 551
Overberg Water	3 904	2 302	1 601	0	0	0
Rand Water	5 282 319	1 992 978	629 235	274 262	249 905	2 135 940
Umgenti Water	2 061 625	493 845	145 356	105 104	115 108	1 202 212
TOTAL	16 738 691	2 806 985	1 063 807	661 896	589 235	11 537 535

TOP 17 OWING MUNICIPALITIES TO WATER BOARDS

WATER BOARD	MUNICIPALITY	BALANCE	CURRENT	DAYS 30	DAYS 60	DAYS 90	DAYS 120+
		R000	R000	R000	R000	R000	R000
Bloem Water	Matjhabeng LM	5 172 396	57 323	53 423	56 952	63 715	4 940 983
Rand Water	Ekurhuleni MM	832 677	413 132	414 101	5 444	0	0
Rand Water	Emfuleni LM	759 651	127 756	128 419	122 215	119 872	261 389
Bloem Water	Mangaung LM	725 606	89 174	52 331	83 391	93 864	406 846
Rand Water	Tshwane MM	627 791	299 805	262 363	65 624	0	0
Rand Water	Govan Mbeki LM	616 604	40 427	40 106	38 473	39 580	458 018
Bloem Water	Kopanong LM	588 708	8 949	7 192	8 136	7 906	556 525
Rand Water	Merafong LM	486 909	35 505	35 975	32 139	22 714	360 576
Umgeni Water	King Cetshwayo DM	367 678	25 098	29 069	23 823	22 771	266 917
Umgeni Water	Ethekweni Metro	356 749	349 518	59	61	504	6 607
Umgeni Water	Msunduzi LM	348 397	71 924	67 014	0	16 467	192 992
Lepelle Northern Water	Mopani DM	294 564	16 160	0	19 559	1 671	257 175
Rand Water	Victor Khanye LM	294 143	8 905	8 405	9 488	9 366	257 979
Magalies Water	Maquassi Hills LM	287 675	4 140	4 780	4 998	5 895	267 862
Rand Water	Randwest City LM	286 170	34 189	33 637	31 629	25 890	160 825
Bloem Water	Nala LM	277 289	5 707	5 520	6 048	0	260 014
Amatola Water	Amathole DM	271 762	10 841	12 546	10 942	11 108	226 326
Total		12 594 768	1 598 551	1 154 940	518 920	441 323	8 881 035

DWS DEBT REPAYMENT AGREEMENTS

Customer Name	Repayment Agreement Amount	Total Amount Received
	R'000	R'000
Magalies Water Board	134 635	88 259
Madibeng Local Municipality	64 000	3 192
Pixley Ka Seme Local Municipality	43 248	15 234
Sol Plaatjie District Municipality	25 022	42 141
Mkhanyakude District Municipality	93 517	5 918
Mid-Vaal Water Company	369 296	77 464
Johannes Fourie	2 038	2 038
Mopani District Municipality	293 239	62 980
Mr SG van Rooyen	1 223	1 223
Zululand District Municipality	83 709	7 269
Vhembe District Municipality	882 821	50 9656
Makana Municipality	59 325	0
Umzinyathi District Municipality	64 553	2 448
Amatola Water Board	235 526	39 561
Joe Gqabi District Municipality	63 883	7 574
Oliver Tambo District Municipality	102 390	27 711
Terbalanche Family Trust	612	0
Chris Hani District Municipality	64 767	5 0623

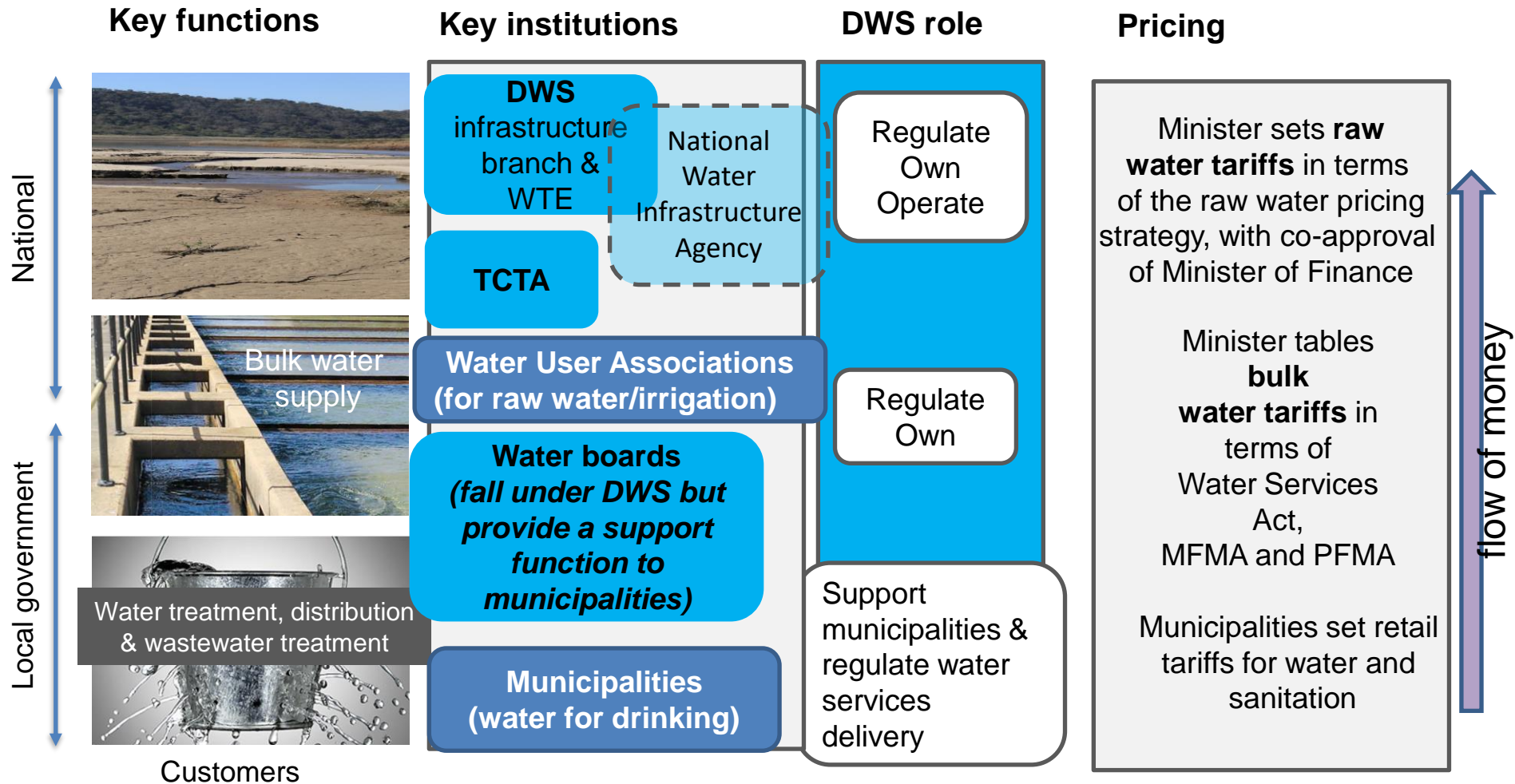
DWS REPAYMENT PLANS ENTERED AND PERFORMANCE

Customer Name	Repayment Agreement Amount	Total Amount Received
	R'000	R'000
Blue Crane Route Municipality	657	514
David Kuiper Municipality	4 403	1 723
Mr Smith	46	16
Mout Stuart Boerdery	1 736	868
Phoenix Platinum mine	15	15
Hardekool Langegoed CC	128	128
Piemanro Boerdery PTY LTD	407	407
Creazioni Legno SOLIDO	62	44
Oranje Riet Water User Association	90 893	12 881
JC Cronje	33	33
Ngobese LN	23	12
JH Bischoff	25	13
Hartbeespoort Irrigation Board	17 752	15 947
Lephalale Municipality	114 024	1 581
Total	2 699 984	434 521

The total amount of repayment agreements entered with the Customers amounted to R2,6 billion in which an amount R 434.531 million has been received as at 31 March 2023. There is continuous engagements with customers to honour repayment plan agreements.

PART D: SUSTAINABLE WATER AND SANITATION INFRASTRUCTURE BETWEEN DIFFERENT SPHERES OF GOVERNMENT

WATER SECTOR VALUE CHAIN



INFRASTRUCTURE GRANT CHALLENGES

- Slow projects implementation by contractors, and lack of monitoring by Implementing Agents due to capacity challenges.
- Slow implementation of BEP projects due to prevailing conditions on site such as high-water tables, lack of pre-existing designs when DWS took over the project.
- Continuous community unrest at different projects sites where community members demand employment.
- Delays by municipalities to appoint contractors due to their supply chain and appointment processes.
- Poor performance of contractors which lead to termination of those contracts, resulting in re-appointment of new contractors, thereby delaying the completion of projects

MITIGATION PLANS

- Collaboration with Implementing Agents to address challenges emanating from Supply Chain Management
- The Department has established and is capacitating the Water Services Branch with engineers and project managers to increase visibility on all projects across the country.
- DWS will focus on Implementing Agents that are struggling with project implementation.
- There are continuous active participation and engagement programmes with local communities where the Department implementing projects.
- DWS to improve project audit and ensure compliance for both direct and indirect grants funded projects to mitigate against poor performance.
- A revised acceleration plan for BEP in Free state province has been developed and will be completed in within the 23/24 FY.

SUSTAINABLE WATER AND SANITATION INFRASTRUCTURE BETWEEN DIFFERENT SPHERES OF GOVERNMENT

The department is determined to achieving the SDG 6 in 2030 through the integrated approach between the three spheres of government by improving its project implementation approach:

- The department has adopted an integrated approach in all its projects implementation, where planning of projects by municipalities are integrated to those of the water boards bulk infrastructure plans. E.g. North West Intervention Support, KZN (Amajuba DM, uMzinyathi DM, uThukela DM and others).
- The department' regional offices have improved direct liaison with COGTA and its Agency MISA through the provincial structures in its project management model. This has improved intervention and support by the department to municipalities e.g. North West Intervention Support, eThekwini Intervention
- DWS is using the Green-Drop, Blue Drop and the No Drop instruments to develop intervention support packages for municipalities.
- DWS has developed a project dashboard which is data-centric hub to help in the development, implementation and monitoring of water and sanitation infrastructure programmes.

RBIG AND WSIG 5B TRANSFERS

RBIG 5B	Financial Years					
	2018/19	2019/20	2020/21	2021/22	2022/23	TOTALS
	'000	'000	'000	'000	'000	'000
Eastern Cape	477,707	315,027	419,263	341,602	413,907	1,967,506
Free State	108,500	160,621	249,608	213,921	204,407	937,057
Gauteng	-	-	-	-	-	-
KwaZulu-Natal	481,944	340,293	219,725	242,531	463,810	1,748,303
Limpopo	370,505	630,998	328,223	218,806	134,584	1,683,116
Mpumalanga	213,440	361,300	494,407	561,080	657,142	2,287,369
Northern Cape	137,477	79,113	93,651	146,289	50,000	506,530
North West	163,927	121,693	190,728	404,135	280,128	1,160,611
Western Cape	9,500	19,471	10,000	109,006	451,690	599,667
TOTAL	1,963,000	2,028,516	2,005,605	2,237,370	2,655,668	10,890,159

WSIG 5B	Financial Years					
	2018/19	2019/20	2020/21	2021/22	2022/23	Totals
	'000	'000	'000	'000	'000	'000
Eastern Cape	1,135,214	520,461	453,950	592,000	471,362	3,172,987
Free State	301,375	279,823	402,285	350,867	332,599	1,666,949
Gauteng	185,000	169,891	165,060	215,000	177,338	912,289
KwaZulu-Natal	966,668	872,374	811,061	932,050	1,058,400	4,640,553
Limpopo	643,475	546,650	357,746	305,449	452,774	2,306,094
Mpumalanga	482,701	508,000	402,375	535,000	479,745	2,407,821
Northern Cape	320,109	319,620	333,692	293,551	252,055	1,519,027
North West	646,806	328,000	318,265	270,910	336,286	1,900,267
Western Cape	95,919	124,500	116,022	125,500	140,460	602,401
TOTAL	4,777,267	3,669,319	3,360,456	3,620,327	3,701,019	19,128,388

RBIG AND WSIG INDIRECT ALLOCATIONS

RBIG6B	Financial Years					
	2018/19	2019/20	2020/21	2021/22	2022/23	Totals
	'000	'000	'000	'000	'000	'000
Eastern Cape	320,302	187,609	188,563	356,542	218,355	1,271,371
Free State	263,972	299,678	245,571	435,112	661,323	1,905,656
Gauteng	347,151	145,135	95,183	195,245	233,921	1,016,635
KwaZulu-Natal	42,199	5,348	591	-	-	48,138
Limpopo	1,057,684	552,769	408,564	583,927	700,960	3,303,904
Mpumalanga	53,603	106,528	230,994	269,889	384,327	1,045,341
Northern Cape	32,115	202,035	402,289	42,361	45,003	723,803
North West	250,105	262,045	133,895	141,345	285,796	1,073,186
Western Cape	-	-	-	20,979	840	21,819
TOTAL	2,367,131	1,761,147	1,705,650	2,045,400	2,530,525	10,409,853

WSIG 6B	Financial Years					
	2018/19	2019/20	2020/21	2021/22	2022/23	Totals
	'000	'000	'000	'000	'000	'000
Eastern Cape	-	-	-	40,390	56,384	96,774
Free State	307,860	186,484	108,030	41,398	15,258	659,030
Gauteng	-	-	-	3,858	16,694	20,552
KwaZulu-Natal	56,559	52,905	1,950	460	-	111,874
Limpopo	13,302	112,576	110,569	107,983	179,130	523,560
Mpumalanga	-	64,199	71,077	83,361	219,410	438,047
Northern Cape	78,230	29,402	1,662	58,340	26,498	194,132
North West	122,447	102,718	36,897	68,995	70,160	401,217
Western Cape	-	-	-	-	-	-
TOTAL	578,398	548,284	330,185	404,785	583,534	2,445,186

RBIG PROJECTS COMPLETED SINCE INCEPTION

PROVINCE	NUMBER OF PROJECTS COMPLETED	JOBS CREATED	BENEFITING HOUSEHOLDS
Eastern Cape	15	1670	18 234
Free State	23	2000	22 563
Gauteng	4	578	7800
Kwa Zulu Natal	14	1873	19 564
Limpopo	5	985	9 065
Mpumalanga	29	3213	32 564
Northern Cape	22	2879	26 897
North West	8	765	9 849
Western Cape	12	1200	11 450
TOTAL	132	15 163	157 986

WSIG PROJECTS COMPLETED SINCE INCEPTION

PROVINCE	NUMBER OF PROJECTS COMPLETED	JOBS CREATED	BENEFITING HOUSEHOLDS
Eastern Cape	154	678	10 564
Free State	81	600	11 453
Gauteng	38	156	8 976
Kwa Zulu Natal	26	231	15 673
Limpopo	76	356	9 765
Mpumalanga	103	430	12 564
Northern Cape	55	200	8 654
North West	66	176	15 463
Western Cape	40	367	11 435
TOTAL	639	3 194	104 547

CONCLUSION

- Trend analysis of improper expenditure is reflecting a decline in incidents of irregular, fruitless and wasteful expenditure. There are no new incidents of unauthorised expenditure.
- Measures are in place to eliminate irregular, fruitless and wasteful expenditure.
- An exit strategy on irregular contracts is also being implemented to ensure that the current incidents of irregular expenditure resulting from prior years' contracts are terminated.
- Stringent cash and banking management controls are being implemented including the liability management (commitments, accruals and payables).
- Progress has been made on disciplinary and investigation matters including continued engagement with various law enforcement agencies.
- The Department is collaborating with the SIU for all the SIU investigations into the old unauthorized and irregular expenditure. In some cases, this has resulted in the Department recovering substantial amounts of money, e.g., R413.121 million recovered from the SAP contract. EOH has agreed to pay back R191.883 million, inclusive of interest, over a period of 36 months.
- The streamlined and integrated water sector value chain support and interventions measures implemented by the Department are also part of service delivery improvement plans.

THANK YOU