



AUDITOR - GENERAL  
SOUTH AFRICA

# REAL-TIME AUDIT FLOOD RELIEF FUNDS Phase 2

## Local government

KwaZulu-Natal and  
Eastern Cape

June 2023



## MISSION

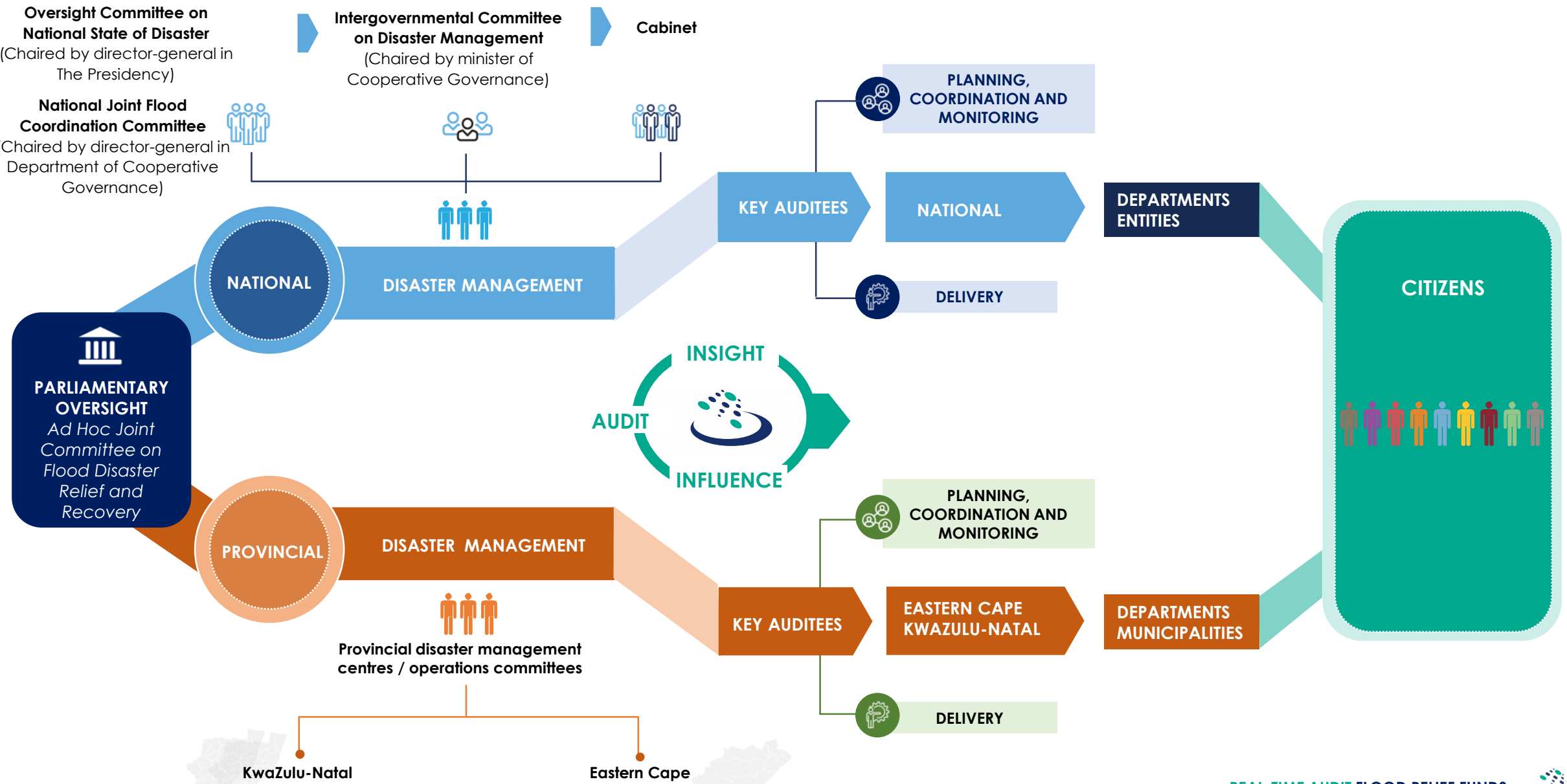
The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence



## VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability

# DISASTER MANAGEMENT – ACCOUNTABILITY ECOSYSTEM



## SUMMARY OF FINDINGS

- **Delivery failures** as result of lack of capacity and inadequate project management:
  - **Impact assessments** did not enable appropriate planning and response
  - **Ineffective monitoring of contractors** and of the quality of goods and services they delivered
- Overall **response too slow** compared to planned milestones
- **Limited response in Eastern Cape** due to delays in assessing damage, lack of capacity, and inadequate coordination between municipalities and provincial departments
- **Procurement:** instances of non-compliance with requirements, potential unfair processes and disparity in pricing for similar services

Some findings are similar to those previously reported on government's covid-19 response

## OUR CONCLUSION

Government's **ability to respond to the disaster was not adequate** – from impact assessment to delivering relief

**Compromised control environments, pre-existing system and process deficiencies, lack of capacity, and inadequate intergovernmental coordination** weaken delivery on even best disaster response plans

## IMPACT

Residents and businesses in affected areas **continue to experience hardship more than three months after flood with little relief**

## GOOD PRACTICES IDENTIFIED

- Establishment of **oversight committees** – commitment by government to better oversee and monitor relief efforts and use of funds
- National Treasury provided **early guidance** on available funding sources and reporting requirements
- KwaZulu-Natal provincial treasury **implemented pre-audit processes** to reduce the risk of procurement irregularities.
- Combined assurance approach followed with **internal audit** in KwaZulu-Natal – identified similar findings
- **Payments were withheld** where poor quality delivery or procurement risks identified to avoid losses
- **Social relief system** responded well to disaster
- **Positive response** to our findings on delivery – we will closely track the implementation of our recommendations



eThekwini Metro	Repairs to damaged water infrastructure Repairs to damaged road infrastructure Supply of building material
Ilembe District Municipality	Repairs to damaged sanitation infrastructure Water supply
KwaDukuza Local Municipality	Repairs to damaged road infrastructure
Zululand District Municipality	Repairs to damaged water infrastructure
Ugu District Municipality	Water supply
OR Tambo District Municipality	Repairs to damaged roads and bridges Refurbish water treatment plant
Mbashe Local Municipality Port St Johns Local Municipality Winnie Madikizela Local Municipality Umzimvubu Local Municipality Ntabankulu Local Municipality Inguza Hill Local Municipality	Repairs to damaged roads and bridges
Nyandeni Local Municipality	Construction of bridge
Follow-up audits	
eThekwini Metro	Follow-up on water supply

**Phase 3**  
Follow-up on phase 1 and phase 2 through normal audit process



## Overall key message

We continued to observe **slow response to disaster** – from impact assessment to delivery of relief

**Compromised control environments, pre-existing system and process deficiencies, lack of capacity, and inadequate intergovernmental coordination was still prevalent**

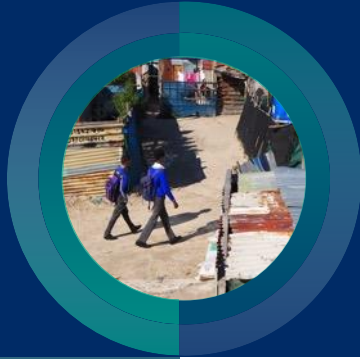
## SUMMARY OF FINDINGS

- **Delays in spending grant funding**, contrary to conditions of grant
- **Delivery failures continued** due to **ineffective monitoring of contractors**
- Inefficient/ineffective **water tanker** service continued
- **Procurement:** continued deviations, non-compliance with processes and non-submission of documentation
- **Some municipalities** had sound preventative controls over expenditure – no findings identified

Municipal leadership **made various commitments** in response to our findings reported in first special report relating to **delivery of projects and services, monitoring of spending, and improved intergovernmental coordination**

These commitments are **still in progress**, and we will continue to track their implementation

## WHAT WE FOUND



- R5,8 billion from various grants, loans and reprioritised existing budget R251 million (4%) spent by 31 May 2023

### Examples – eThekweni Metro



*Road damaged by floods without warning signage or markings to inform public (Wood Road)*



*Building material purchased left exposed to weather elements at Umlazi mass care centre*

- Slow implementation of commitments
- Lack of disaster readiness
- Quality of work not monitored
- Projects not managed effectively to ensure repairs done according to scope
- Inadequate coordination
- Lack of effective oversight and monitoring to ensure timely delivery

## WHAT WE FOUND



- R109,8 million municipal disaster relief grant. R66 million (60%) spent by 31 May 2023
- Additional R50,6 million approved for additional projects

### Example



*Gabion baskets (support structure) of questionable quality (irregular shapes, incorrect sizes, uneven tension) and poorly installed – can lead to unstable retaining walls prone to collapse*

- Delays in spending – most municipalities did not spend all funds within six months, per grant conditions
- Procurement processes not followed
- Lack of coordination of relief efforts and limited impact by provincial Disaster Management Centre due to funding and resource constraints





- Repairs to Tongaat WTW
- Building materials
- Repairs to flood-damaged roads
- Water supply using water tankers

BUDGET	SOURCE OF FUNDS	SPENDING
R5,6 billion	Urban settlements development grant	R47 975 333 (31 May 2023)
	Loan	R15 867 374 (31 May 2023)
	Internal funding	R126 634 633 (31 May 2023)
Upgrading of informal settlements programme		
Funded from normal operational budget (existing budget)		

## Overall key messages:

- Slow implementation of commitments
- Lack of disaster readiness, outdated disaster management plan
- Lack of effective oversight/monitoring to ensure timely implementation
- Lack of coordination to ensure effective service delivery



## Repairs to Tongaat Water Treatment Works:

### Overview

- Tongaat Water Treatment Works and associated water pipeline infrastructure was severely damaged by rising water levels from nearby Tongati river
- Tongaat community (±300 000 residents) left without piped water supply
- eThekweni awarded R36,7 million emergency project to restore operations, project to run from 13 July 2022 to 26 October 2022
- Residents relied on water tankers while waiting for repairs





## Repairs to Tongaat Water Treatment Works (continued):

### Finding 1: Delay in providing water to communities

- Delays in assessing water infrastructure from treatment works led to delays in testing and commissioning of plant
- Plant operating but producing less than intended due to problems with bulk supply pipelines
- Metro did not assess or repair pipelines before restoring operations, causing further delays in providing water to communities

### Finding 2: Lack of coordination to repair damaged infrastructure

- Visible damage to channel
- Lack of coordination between metro and Department of Water and Sanitation on fortifying river banks next to plant and physical damage to nearby bridge



Wall used to channel water downstream had no fill material and appeared to be collapsing (inset)



No fill material to support concrete channel



Tree fell across river due to soil erosion caused by floods and may divert water towards treatment works



Close proximity of treatment works to river, with no risk reduction measures instituted to prevent ingress of water if river level rises





## Building materials – key findings:

- Controls over supply of building materials to beneficiaries inadequate or ineffective
- No policy/criteria in place for supply material beneficiaries
- Beneficiary list used to source funding contained inaccuracies and unapproved beneficiaries
- Building materials not properly stored, protected and issued



*Building material purchased left exposed to weather elements at Umlazi mass care centre*



## Repairs to flood-damaged roads:

- Site assessments not available to verify needs assessments used to prioritise projects
- Threshold funding for disaster management not in place
- Inadequate repairs and maintenance budget
- Supply chain management process not responsive – delays in contracting for resources and equipment required for road repairs
- Supply chain management deviation without evidence of suppliers considered
- Various roads damaged by floods did not have warning signage to inform public



*Various roads damaged by floods without any warning signage or markings to inform public*





## Water supply using water tankers:

### Commitments

- Findings on water supply using water tankers issued in July 2023, with municipality committing in August 2022 action plan to address findings (varying timelines based on proposed actions)



**Bloodbank informal settlement (Pinetown)** – residents not supplied with water for two months, and used contaminated river water

### Status of implementation

- Follow-up on municipality's commitments shows slow progress in implementing commitments
- Findings still prevalent:
  - Communities still not receiving enough clean drinking water
  - Comprehensive needs assessment not in place
  - Lack of coordination with government departments to validate payments
  - Inadequate scheduling of water tankers
  - Fillings points not adequately managed
  - Inadequate monitoring and recording of water tankers
  - Poor condition of water tankers
  - Procurement of water tankers at excessive rates



**Kwasani Informal Settlement (Tongaat)** – only one 5 000-liter water tank for ±1 000 residents

Community indicated tank filled once a week





## Rehabilitation of damaged road infrastructure

**BUDGET:** R125 million

**SOURCE OF FUNDS:** Municipal disaster relief grant and reprioritising existing budget

**SPENDING:** R21,6 million (November 2022)

### Key findings:

- Disaster management plan not reviewed
- Inadequate needs assessment done
- Scope of work not well defined, poor workmanship
- Disaster relief funding not adequate for response, recovery, rehabilitation, and reconstruction
- Inadequate budgeting for repairs and maintenance of roads infrastructure
- Poor workmanship, damage to ageing infrastructure
- Practical completion certificate not issued
- No road markings and signs

### Key message:

- Lack of disaster readiness – disaster management plan not updated, affecting funding access, process around needs assessment, project management, etc.
- Management did not exercise oversight on quality of work performed



*Nkobongo road – Recently repaired road with incomplete area between V-drain and road*





## Reticulation works, sewer line repairs

**BUDGET:** R19,5 million

**SOURCE OF FUNDS:** Municipal disaster relief grant and reprioritising existing budget

**SPENDING:** R3 545 093 (31 May 2023)



## Water supply using water tankers

FUNDED FROM NORMAL OPERATIONAL BUDGET (EXISTING BUDGET)

### Key findings:

- Draft disaster management plan does not address all key deliverables
- Inadequate funding for disaster relief
- Inadequate budgeting for repairs and maintenance
- Critical repairs to WWTW not included in needs assessment

### Key message:

- Lack of disaster readiness, with draft disaster management plan
- Ineffective oversight/monitoring to ensure timely implementation
- Oversight and management issues over water supply value chain
- Lack of coordination to effectively respond to disaster

### Findings on inefficient/ineffective water supply using water tankers:

- Comprehensive needs assessment not in place
- Inadequate scheduling
- Lack of intergovernmental coordination on procurement
- Filling points poorly managed
- Inadequate monitoring and recording of information



*Nkobongo road – Recently repaired road with incomplete area between V-drain and road*





## Water supply using water tankers

**SOURCE OF FUNDS:**

FUNDED FROM NORMAL OPERATIONAL BUDGET (EXISTING BUDGET)

**SPENDING:**

R10 879 767 (31 May 2023)

**Key findings – building materials:**

**Key messages:**

**Findings on inefficient/ineffective water supply using water tankers:**

- Comprehensive needs assessment not in place
- Inadequate scheduling
- Lack of intergovernmental coordination on procurement
- Filling points not managed
- Inadequate monitoring and recording of information

- Oversight and management issues over water supply value chain
- Lack of coordination to effectively respond to the disaster



Community member in Shongwe area fetching water from local river



Discoloured water delivered by water tanker to Kwakuseni community





## Repair to damaged water infrastructure

**BUDGET:** R25 million

**SOURCE OF FUNDS:** Water services infrastructure grant reprioritisation

**SPENDING:** R24 068 128 (31 May 2023)

### Key findings:

- No findings identified – repairs on project found to be in line with specifications

# OR TAMBO DISTRICT MUNICIPALITY



## Water and sanitation infrastructure damages

**BUDGET:** R46,9 million

**SOURCE OF FUNDS:** Municipal disaster relief grant

**SPENDING:** R14 357 478 (31 May 2023)

### Key findings:

- Non-compliance with procurement processes – awards to providers with tax compliance not confirmed by SARS
- Some procurement awards and expenditure information not submitted for auditing
- Slow response to disaster







## Rehabilitation of damaged road infrastructure

**SOURCE OF FUNDS:** Municipal disaster relief grant

Municipality	Budget	Spending (May 2023)	Key findings
Mbashe Local Municipality	R14,4 million	R13,2 million	Slow response to disaster and poor performance by first contractor
Port St Johns Local Municipality	R13,3 million	R7,3 million	Slow response to disaster Lack of monthly monitoring and consequences not implemented for delays
Winnie Madikizela-Mandela Local Municipality	R12,8 million Additional funding: R33,8 million	R12,8 million	No findings – municipality has strong oversight structure that supports management, and sound preventative control measures
Umzimivubu Local Municipality	R10,5 million	R8,9 million	Slow response to disaster
Ntabankulu Local Municipality	R5,1 million Additional funding: R16,8 million	R5,1 million	Non-compliance with procurement processes
Ingquza Local Municipality	R4,1 million	R2,5 million	Procurement information not submitted for auditing
Nyandeni Local Municipality	R2,7 million For road-related infrastructure – bridge construction	R1,9 million	Slow response to disaster





**Preparedness of intergovernmental activities is core in responding to residents in disasters – act with urgency to restore livelihoods and improve services**

1

National, provincial and municipal leadership should **take urgent action** where delivery is slow or compromised

2

**Strengthen intergovernmental processes and coordination** to avoid failure in infrastructure rebuilding phase

3

**Intensify activation of the accountability ecosystem** so that all role-players function collaboratively with awareness of how their respective roles influence and affect each other

4

**Strengthen disaster management capacity and capabilities** as catastrophes such as these floods are becoming more common due to climate change

This must be done with requisite level of discipline and capability in relation to addressing poor project management observed

5

**Embed preventative controls** to prevent accountability failures within future spending of disaster relief funding and, when they do occur, deal with them appropriately



# THANK YOU

Stay in touch with the AGSA



[www.agsa.co.za](http://www.agsa.co.za)



[@AuditorGen\\_SA](https://twitter.com/AuditorGen_SA)



Auditor-General of South Africa



Auditor-General of South Africa

