

**MINISTRY**

**PUBLIC WORKS AND INFRASTRUCTURE**

**REPUBLIC OF SOUTH AFRICA**

Department of Public Works l Central Government Offices l 256 Madiba Street l Pretoria l Contact: +27 (0)12 406 1627 l Fax: +27 (0)12 323 7573

Private Bag X9155 l CAPE TOWN, 8001 l RSA 4th Floor Parliament Building l 120 Plein Street l CAPE TOWN l Tel: +27 21 402 2219 Fax: +27 21 462 4592

 [www.publicworks.gov.za](http://www.publicworks.gov.za)

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 1353 [NW1555E]**

**INTERNAL QUESTION PAPER NO.: 13 of 2023**

**DATE OF PUBLICATION: 21 APRIL 2023**

**DATE OF REPLY: APRIL 2023**

**1353. Ms S J Graham (DA) asked the Minister of Public Works and Infrastructure:**

(1) Whether the SA Council for the Project and Construction Management Professions (SACPCMP) engaged the services of a certain company (name furnished) to undertake a forensic audit in 2017; if not, what is the position in this regard; if so, what are the full details of the report;

(2) whether any other audit has been undertaken by any other company on the SACPCMP in the past 10 years; if not, what is the position in this regard; if so,

(3) whether he will furnish Ms S J Graham with a copy of the report including details of (a) the major findings, (b) what remedial actions were taken to resolve any identified issues and (c) what consequence management resulted from the audit; if not, why not; if so, what are the relevant details;

(4) whether all issues identified in the audit reports have been addressed; if not, why not; if so, what are the relevant details? **NW1555E**

**REPLY:**

**The Minister of Public Works and Infrastructure**

1. The Registrar, who was appointed in 2019, is neither in possession of an approved forensic audit report, which would have been adopted by what would be the 4th Term Council, which was in place at the time, in 2017, nor was it part of a handover process upon his assumption of duty. The Registrar also could not find any record of approved minutes of the 4th Term Council in relation to the adoption and approval of the said audit report. However, the Registrar, in his endeavour to respond to this Parliamentary question, managed to get a hold of an unprocessed report, which relates to an audit conducted in 2017. The summary of the scope of the audit was to investigate suspected fraudulent certificates being issued by the SACPCMP in late 2016.

The summary of the findings are as follows:

* 1. Concerns were raised regarding the integrity of the Council’s registration platform, **Your Membership (YM)**, in relation to data security and registration certificates.
	2. Concerns were raised regarding the maladministration and incompetence of the then administration.

The current Registrar and 6th Term Council are not aware of any resolutions that would have been adopted by the 4th Term Council on the items referred to above and the governance processes with regards to reporting, which were led by the then Audit and Risk Committee. The Registrar has learned however that the Audit and Risk Committee who would have been responsible for working with the forensic auditors and addressing the report, resigned before the matter was finalised.

Nonetheless, through the requisite internal and external audits conducted during the tenure of the current Registrar, as described in the response to Section 2 below, many improvements have been effected to address gaps in the operating environment. Some of the improvements are as follows:

1. The registration platform has been changed to a new, more secure platform called **My Membership (MM)**, which is managed by a legal entity in South Africa.
2. The Council’s registration certificates now have a unique security feature that makes it difficult to forge certificates. Furthermore, the MM system allows the public to verify the validity of any registration certificate.
3. Certificates are renewed annually after payment of annual fees.
4. Three (3) staff members were dismissed, four (4) staff members were warned, while other staff members resigned as a result of their complicity in the irregularities that have been discovered over the years.
5. The organisational structure has been changed to a fit-for-purpose structure with a consistent and simple operating model and clear accountability and authority.
6. Formal Business Processes have been documented and approved with regard to the discharge of the Council’s legislative mandates so as to improve accountability and controls.
7. Key policies with regard to Registration, Continuous Professional Development (CPD) and Accreditation, amongst others, have been reviewed and approved to address areas of concern.
8. Background and criminal checks are conducted on all newly appointed Council employees.
9. Following a governance structure review, a project to review the delegation of authority to align with the new organisational structure and governance framework is underway.

The above have been consistently reported in the Council’s Annual Reports, which are submitted to Parliament, through the office of the Minister, annually.

1. The SACPCMP constitutes an Audit and Risk Committee (ARC), empowered by Section 17 of the Project and Construction Management Professions Act, No. 48 of 2000, through which the Council provides regular oversight on all activities and reporting by internal and external auditors for the term of the Council.

All internal and external audits are based on an approved audit plan and conducted to ensure good governance within the entity and its operations. As part of the Council’s audit planning the following applies:

2.1. External audits

These audits are conducted by external audit firms and an opinion on the Council’s financial statements is issued. The audited financial statements and signed audit report part of the Council’s Annual Report, which is submitted to Parliament, annually.

There have not been any significant audit findings in the past three years. Most findings are cleared by the time the audit report is issued. The Council has achieved an unqualified audit opinion for the past few years, indicating that the financial statements were free from material misstatements.

2.2. Internal Audits

These audits are conducted regularly as per the approved internal audit plan. The plan, which details the areas to be reviewed, is prepared by internal auditors and approved by the Audit and Risk Committee (ARC). The activities of the ARC are reported in the Annual Report. The following areas are reviewed regularly:

* Financial Management – mainly the revenue and debt management processes
* Asset Management review
* Supply Chain Management review
* Human Resource Management review
* Management of operations (Registration processes)
* Management of operations (Programme accreditation processes)
* Governance Processes

The above audits are conducted to assess the Council’s internal controls and identify any deficiencies.

As part of remedial action following any audit, Management develops an implementation plan to enhance current processes and to address material deficiencies noted by internal auditors. Management developed an audit matrix for all areas audited during the 2021/2022 financial and quarterly monitoring is done by the ARC on the progress with implementation *(ref: SACPCMP Annual Report 2021/22; Section C, Part 16).*

1. Question: whether he will furnish Ms S J Graham with a copy of the report including details of (a) the major findings, (b) what remedial actions were taken to resolve any identified issues and (c) what consequence management resulted from the audit; if not, why not; if so, what are the relevant details

**SACPCMP Response:** See SACPCMP Response above to Questions 1 and 2:

1. As part of the SACPCMP’s audit remedial action, in relation to all audits that are undertaken, Council Management develops implementation plans to address material deficiencies noted by internal auditors. This is informed by the audit matrix for all areas where remedial actions are required. Quarterly monitoring is done by the ARC on the progress with regard to implementation. Most of the findings are cleared and Council ensures that internal controls are improved to prevent repeat or recurring findings.

The following are issues that are put on the audit matrix and summary is provided in terms of the outcomes of the management actions around the findings:

* Financial Management – mainly the revenue and debt management processes) – No repeat findings. A finding that has not been cleared relates to the review of the policy, which will be done by the 2nd quarter of the 2023/24 financial year.
* Asset Management review - No repeat findings. The finding that has not been cleared is around the review of the policy, this will be done by the 2nd quarter of the 2023/24 financial year.
* Supply Chain Management review - No repeat findings. The finding that is yet to be cleared is around the review of the policy, this will be done by the 2nd quarter of the 2023/24 financial year.
* Human Resource Management review - No repeat findings. The finding that has not been cleared is around the review of the policy, this will be done by the 2nd quarter of the 2023/24 financial year.
* Management of operations (Registration processes) – all findings were cleared.
* Management of operations (Programme accreditation process) – Findings were cleared through new accreditation processes applied in the new programme accreditation cycle.
* Governance Processes - Findings were cleared.

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**MR. S ZIKALALA, MP**

**MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**

**DATE:**