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 **Memorandum from the Parliamentary Office**

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 1998**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 30/06/2017**

**(INTERNAL QUESTION PAPER 24 OF 2017)**

**Mr A P van der Westhuizen (DA) to ask the Minister of Higher Education and Training:**

(1) (a) What have been the findings of the forensic audit undertaken at Maluti Technical and Vocational Education and Training College in 2016, (b) who (i) ordered and (ii) paid for the forensic audit and (c) what was the briefing to the forensic auditors;

(2) (a) on what date was the report received, (b) on what date was it handed to the council of Maluti Technical and Vocational Education and Training College and (c) what are the reasons for the delay in handing over the report to the council in the period between the two specified dates;

(3) what has been the council’s response and/or actions following receipt of the forensic audit report;

(4) has he found that the council responded appropriately to the forensic report; if not, what further actions will he undertake to ensure that the findings are appropriately acted upon and/or implemented; if so, what are the further relevant details? **NW2213E**

**REPLY:**

(1) (a) The findings emanating from the forensic investigation consisted mainly of potential fraudulent transactions, irregular and fruitless expenditure, lack of systems and internal controls, misconduct by senior personnel, as well as non-adherence to policies and procedures including supply chain management.

(b) The forensic investigation was conducted and paid for by the Department of Higher Education and Training.

(c) The Department requested the investigating company to focus on the following areas:

* + Financial misconduct;
	+ Provincial goods and services funding;
	+ Subsistence and Travel of the former Principal and Chief Financial Officer;
	+ Procurement and payments in respect of the site and the construction of the Harrismith Campus;
	+ Procurement and payments in respect of the Rosedale farm and improvements made on it;
	+ Procurement and payments to suppliers for the construction of the main campus in QwaQwa and at the Bethlehem SSS Centre;
	+ MFC Academic bank account (Maluti MFC Business Intervention Training) and all transactions with regard to the Maluti football club;
	+ Various procurement transactions; and
	+ Transactions relating to Kgalapa Training Institution CC “satellite” campus.

(2) (a) The forensic reports were received by the Department on 27 October 2014.

 (b) The forensic reports have not been provided to the Council.

 (c) It should be noted that the Department did not share the report with the Council because the High Court of South Africa ruled in a similar matter in terms of an investigation performed at the Eastcape Midlands Technical and Vocational Education and Training (TVET) College, as being an unlawful administrative action by the Department in terms of the Promotion of Administrative Justice Act 3 of 2000 (PAJA). It also ruled that the sharing of the report with the Council or any third party is prohibited.

 As the Maluti TVET College investigation was conducted on the same basis as the Eastcape Midlands TVET College, the findings of that Court ruling would also apply to the Maluti report.

(3) Not applicable.

(4) The Council was not requested to respond, as they were not provided with the report. However from an administrative point of view, the systems and internal controls at Maluti TVET College has improved over the last two financial years. The audit outcomes have improved from a disclaimer in 2014/15 to qualified in 2015/16 and unqualified in 2016/17 with the assistance of a new Chief Financial Officer and Principal. The second intervention was the start of disciplinary action against implicated officials in terms of the Labour Relations Act; however, senior management implicated namely the former Principal and Chief Financial Officer, resigned and retired respectively.

COMPILER/CONTACT PERSONS: Mr Z Joubert

EXT: 5499

DIRECTOR – GENERAL

STATUS:

DATE:

QUESTION 1998 APPROVED/NOT APPROVED/AMENDED

Dr BE NZIMANDE, MP

MINISTER OF HIGHER EDUCATION AND TRAINING

STATUS:

DATE: