



REPORT 10 of 2018
SELECT COMMITTEE ON PUBLIC ACCOUNTS OF THE 5TH MPUMALANGA PROVINCIAL LEGISLATURE:
DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT (2017/18)

1. INTRODUCTION

The Select Committee on Public Accounts (SCOPA) hereinafter referred to as 'the Committee', examined the annual report of the Department of Public Works, Roads and Transport, hereinafter referred to as 'the Department', which includes the financial statements, report of the Auditor-General, report of the Accounting Officer and performance information.

The Committee sent preliminary questions to the Department and received responses which were subsequently presented during a hearing. This transparent process of engagement was aimed at assisting and guiding the Department on areas that require improvement and monitoring.

The Committee discharged its mandate of ensuring prudent financial management over the report of the Department of Public Works, Roads and Transport.

2. COMMITTEE PROCEDURES

The Committee met on the 08 November 2018 to deliberate on the above report and considered the report on 26 March 2019. Meetings of the Committee are open for the public including the media as required by Standing Rule 116 and section 118 (1) (b) of the Constitution of the Republic of South Africa, Act No. 108 of 1996.

The Accounting Officer and the delegation responded to various questions posed by the Committee during the hearing.

**3. PROGRESS REPORT ON THE IMPLEMENTATION OF HOUSE RESOLUTIONS
2012/13 FINANCIAL YEAR**

NO	RESOLUTION	PROGRESS REPORTED	STATUS
AUDIT OPINION			
(i)	The Accounting Officer must address all matters raised by Auditor General and ensure that the department achieves and maintain a 'clean audit'.	<ul style="list-style-type: none"> • The Department developed an Audit Action Plan to mitigate findings raised by the Auditor General in the 2016/17 financial year. • The Department has also developed an Internal Audit Action plan on all findings raised by Internal Audit and progress is monitored on a monthly basis. • The plans are monitored on a regular basis through the following structures: Top Management Meeting, Programme Managers Forum, Risk Management and Audit Committee. 	Ongoing
ACCRUALS			
(i)	The Accounting Officer must pay all creditors within 30 days of receipt of invoice.	<ul style="list-style-type: none"> • The Department strives to pay all service providers within 30 days of receipt of invoices. • During the 2017/18 financial year, only 6 invoices were not paid within 30 days during the 1st quarter of the financial year due to CSD banking details that were not matched. • 100% of invoices were paid within 30 days in the 2nd to 4th quarter of the 2017/18 financial year resulting in 99.9% achievement. • The Department paid 100% of invoices within 30 days of receipt during the 1st and 2nd quarter of the 2018/19 financial year. 	Ongoing

(ii)	The Accounting Officer must minimise accruals.	<ul style="list-style-type: none"> The Department implemented cost curtailment measures with minimal impact on the service delivery programs to absorb the payables emanating from the 2016/17 financial year. Budget and Programme Managers Forums were held regularly to monitor expenditure and to minimize accruals and as a result the accruals for the 2017/18 financial year has been reduced to R21 581 million 	Ongoing
IRREGULAR EXPENDITURE			
(i)	The Accounting Officer must implement all recommendations contained in the reports of the concluded investigations.	<ul style="list-style-type: none"> The Department has developed an Irregular Expenditure Register which is monitored on a monthly basis 	Ongoing
FRUITLESS AND WASTEFUL EXPENDITURE			
(i)	The Accounting Officer must submit to the Committee; the final report on the investigation (Fruitless & wasteful expenditure of R579 000).	<ul style="list-style-type: none"> The balance on the Fruitless and wasteful expenditure amounts to R169 625.00 	Ongoing
(iii)	The Accounting Officer must recover all fruitless and wasteful expenditure from officials found liable in law.	<ul style="list-style-type: none"> The balance of R169 625.00 is still under various stages of investigation, the outcome of which will be implemented 	Ongoing

4. BASIS OF QUALIFIED OPINION

4.1. COMMITMENTS

The Committee noted that, the Auditor General reported that the Department of Public Works, Roads and Transport did not disclose retentions as provisions in accordance with MCS chapter 14 (Contravention/ noncompliance to a standard).

Included in the capital commitments were retentions not yet paid. The department did not have adequate controls to maintain records of unpaid retentions amounts, therefore the AUDITOR GENERAL could not determine the accuracy and completeness of the capital commitments amounting to R 1 030 970 000 2017/18 and R 962 177 000 2016/17.

It was further indicated that included in the commitments were orders that had no contractual obligation to incur future expenditure to deliver goods and services as well as capital assets (MCS contravened). Furthermore some of the commitments were recorded incorrect amounts (Accuracy). Consequently the AG confirmed that the commitments of the department as reported in its financial statements page 192 of the AR note 17 is understated by R 76 557 460.

Based on the above report the Committee sought clarity on the Departments failure to disclose retentions as provisions in accordance with MCS chapter 14 and the lack of adequate controls on maintaining records of unpaid retentions while it has an effective risk committee. Furthermore the department was required to explain the included amounts in commitments that had no contractual obligations to incur future expenditure to deliver goods and services as well as capital assets as well as the total included.

In giving clarity the Department mentioned to the Committee that they have over the years disclosed retentions as part of Capital Commitments but according to MCS this information should have been reported in a separate register. These figures have always been reflected on each payment voucher attracting retentions, as such accurate records in this regard have always existed.

The Department has since commenced with a process of reconciling this records to ensure ease of reporting and tracking related movements throughout the year.

Furthermore, the Department included commitments that were on a LOGIS report at year end as recommended by the Auditor General in the previous audit that includes all orders not de-committed at year end amounting to R1 009 794.99. The Committee was referred to an attached annexure.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must put adequate controls in place to maintain records of unpaid retentions to enable the Auditor General to determine the accuracy and completeness of capital commitments.

5. EMPHASIS OF MATTERS

5.1. IRREGULAR EXPENDITURE

The Committee noted that the irregular expenditure of the department decreased by an amount of R 403 034 000 that was not condoned and not recoverable however de-recognised and written-off as disclosed in note 21 of the AR. The balance amounting to R 39 089 000 was still under investigations. In the current year under review 2017/18, the Department incurred a further R 2 159 000 as per note 21 of the AR of irregular expenditure as procurement processes were not properly followed.

This irregular expenditure was incurred because there were no effective steps taken to prevent irregular expenditure as required by Section 38(1) (c) (ii) of the PFMA and Treasury Regulation 9.1.1. Noting Section 38 (1) (h) (i) which state that the Accounting Officer must take effective and appropriate disciplinary steps against any officials in the service of the department who Contravenes or fail to comply with a provision of this Act; makes or permits an unauthorised expenditure, irregular or fruitless and wasteful expenditure reports.

Based on the o above mentioned statement, the Committee sought an explanation on the outcome of the investigations that influenced the department to de-recognise and write-off the amount of R403 034 000 irrecoverable as well as the amount recoverable but written off amounting to R 8 000. The Accounting Officer was further required to explain if any effective and appropriate disciplinary steps were taken against any officials who contravened or failed to comply with a provision of the PFMA as well as on the departments' continuous incurrence of the expenditure although there are prescripts that prohibit such expenditures.

The Accounting Officer was further required to provide a detailed report listing all irregular expenditure incurred in the 2017/18 financial year amounting to R 2 159 000, the report must indicate the nature and the amount as well as the proof that these irregular expenditures were reported to Provincial Treasury for condonation and that a register was kept. The Committee required a briefing from the Accounting Officer regarding the status of investigations on irregular expenditure amounting to R 39 089 000 noting that this irregular expenditure dates back to 2014/15 financial year, his failure to ensure that proper procurement processes are followed. The challenges the Department has with regards to compliance towards stipulated regulation for irregular expenditure, in light of the fact that the non-compliance issue for irregular expenditure is recurring from previous financial years.

Explaining to the Committee, the Accounting Officer mentioned that the outcome of the investigation revealed that the Department did not incur any loss of the irregular expenditure as raised but received value for money on the services rendered. The Committee was referred to an attached annexures for the investigation reports, the amount of R8000 that was for the repayment of EPMDS, disciplinary steps taken against relevant officials and the written warnings were issued.

The Accounting Officer further mentioned that irregular expenditure incurred in the 2017/18 financial year mainly relates to provincial legal contracts that the Department is participating in.

These contracts were found by the Auditor General to have been procured irregularly as per the attached annexure. Some of the irregular expenditures that the Department has requested for condonation from Treasury. The balance is at an advanced stage of investigation. A follow up letter has since been sent to Treasury to request for update

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must take effective and appropriate disciplinary action against officials who failed to comply with procurement process as stated in Section 38(1) (c) (ii) of the PFMA and Treasury Regulation 9.1.1.
- (ii) The Accounting Officer must furnish the committee with a progress report on requested condonation as well as on the investigations.

6. OTHER MATTERS

6.1. RESTATEMENT OF CORRESPONDING FIGURES.

The Committee noted that as disclosed in note 27 to the financial statements, the Auditor General reported that the corresponding figures for 31 March 2017 have been restated as a result of an error discovered during 2017-18 in the financial statements of the department as at end of the year, 31 March 2018.

Based on the above finding, the Committee wanted to know why the department failed to review its quarterly / interim reports during the year to ensure that the final submitted financial statements are free of errors before submitting to the Auditor General and the measures that the Accounting Officer putting in place to ensure that all existing departmental committees including senior management review financial and performance reports before submitting for auditing.

In response, the Accounting Officer mentioned to the Committee that the Department prepares Interim Financial Statements (IFS) on a quarterly basis in line with the prescripts and as a build-up to Annual Financial Statements. The IFS are submitted to Provincial Treasury, Internal Audit and the Audit Committee for review. The Annual

Financial Statements were prepared in accordance with the reporting framework determined by National Treasury. During the preparation of the above report, the Accounting Officer was of the view that the financial statements and performance information were accurate. However, as part of the audit process, the auditors raised exceptions on the financial and performance report which necessitated adjustments.

The Accounting Officer furthermore mentioned that, the Department's Annual Report Committee, Budget and Programme Managers Forum, Provincial Treasury, Internal Audit and the Audit Committee reviews performance and financial information before submission to Auditor General. The Department has further developed an Audit Action Plan to address all findings that were raised by Auditor General.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must submit accurate and credible financial statements to the Auditor General.
- (ii) The Department must implement the developed Audit Action Plan to accurately and credibly address all findings raised by Auditor General.

6.2. ADJUSTMENT OF MATERIAL MISSTATEMENT

The Committee noted that the Auditor General reported on page 117 of the Annual Report note 25, material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the community based programme as management subsequently corrected only some of the misstatements, however, the Auditor General raised material findings on the reliability of the reported performance information. It should be noted that in 2015/16 the department had improved on this findings but unfortunately in the 2017/18 financial year regressed back to where they come from. This means something is not going right with the department's internal controls. Although some misstatement management managed to resolve, the remaining could not be resolved.

Upon this finding the Committee wanted to know why the Accounting Officer fail to submit performance information that is free of material misstatements for the community based programme and the measures put in place to ensure that the reported finding does not reoccur.

Responding to the questions, the Accounting Officer mentioned to the Committee that the implementation of EPWP projects and the creation of work opportunities is the responsibility of various public bodies. The Department of Public Works, Roads and Transport is only responsible for the coordination and reporting of EPWP work opportunities created in the Province. Findings were based on supporting documents that were submitted to the Auditor General but did not correspond to the information captured by public bodies on the EPWP reporting system which is used to populate the Annual Report.

In addressing none recurrence, the Accounting Officer mentioned that there are standardized attendance registers for all public bodies. EPWP Stakeholder review meetings are held on quarterly basis to discuss progress on achievements, targets and challenges relating including submission of reliable supporting documents to the Auditor General. The targets and performance indicators are prescribed by the National Department of Public Works for implementation by all provincial departments of Public Works. These targets and indicators are currently under review for the next MTSF due to challenges reported by all provincial departments in relation to audit findings based on unreliable information from public bodies.

The Committee made a follow up in wanting to know how does the Department guarantees the implementation of EPWP projects and the creation of work opportunities as reported the reason why were the supporting documents not corresponding and the intervention to address the matter.

Responding to the follow up, the Accounting Officer mentioned that the Department will be appointing people that will deal with EPWP matters and capturing in the

systems. He further mentioned to the Committee that, the MEC met with all MMCs of Municipalities in giving clarity on the requirements on EPWP programmes.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must put systems in place to ensure that EPWP programmes are properly managed.

7. INTERNAL CONTROLS

7.1. LEADERSHIP

The Committee noted that the Auditor General indicated that on page 118 paragraph 35 of the Annual Report, management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls and further did not develop and monitor the implementation of action plans to address internal control deficiencies.

Based on the above finding, the Committee sought clarity on the management's failure to develop and monitor the implementation of action plans in addressing internal control deficiencies. The measures put in place by the Accounting Officer to ensure that all the reported findings on internal controls do not recur in the 2018/19 financial year. The Accounting Officer was required to provide the Committee with evidence as proof that measures are in place to address all the weaknesses identified in the internal control environment of the Department.

The Accounting Officer was further required to share progress made in implementing recommendations of the Internal Audit and Audit Committee on the instances of non-compliance with Supply Chain Management identified during the year under review as well as the progress made so far in addressing the weaknesses identified. The Committee questioned the satisfaction of the Accounting Officer with the work of the Bid Evaluation Committee in the department.

In giving clarity, the Accounting Officer mentioned to the Committee that the Department has developed an Audit Action Plan using the Treasury framework to mitigate findings raised in the 2017/18 financial year, which included internal control deficiencies.

Monitoring of the implementation of the Audit Action Plan is performed through the Programme Managers Forum, Internal Audit, Risk Management Committee, Audit Committee and Top Manco.

The Accounting Officer further mentioned that the Departmental workshop was conducted on the Audit Action Plan, Training and Development of officials is one of the initiatives identified in mitigating the risk of recurrence of findings.

The Department is already working with Auditor General to implement the Audit Action Plan that is monitored on a monthly basis and progress reports are submitted to Provincial Treasury. The Accounting of Officer referred the Committee to an attached annexure of the progress report on the Audit Action Plan for the year 2017/18. SCM Practitioners have been trained on issues relating to SCM as prescribed. Checklists have been implemented and are being monitored. The Department has implemented all SCM prescripts including Practice Notes with the view to ensure compliance at all times.

Furthermore, the Department continues to verify the information submitted on the current existing systems, e.g. CSD, Persal system and Public Servant Verification system. The Bid Evaluation Committee performs their work according to prescripts. However, during the audit, the Auditor General found government officials who do business with government but failed to declare it. The Department does not have an electronic system to detect suppliers who submit false declarations employed outside Persal System for an example, State Owned Enterprises, Law Enforcement Agencies, etc.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must put systems in place to detect suppliers who submit false declarations while on persal systems and all other, state owned enterprises.
- (ii) The Accounting Officer must take disciplinary actions against implicated officials on failure to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

7.2. FINANCIAL AND PERFORMANCE MANAGEMENT

The Committee noted that the Auditor General indicated on page 118 paragraph 36 and 39, that management did not implement controls over daily and monthly processing and reconciling transactions and did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

Based on the finding, the Committee wanted to know why management failed to prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information and failed to implement controls over daily and monthly processing and reconciling transactions. The strategies or plans in place to correct the material matters identified by the Auditor General, considering that these issues are raised year on year and still not addressed.

Responding to the question, the Accounting Officer mentioned to the Committee that Annual Financial Statements are prepared in accordance with the reporting framework determined by National Treasury whilst the Annual Report was prepared using the Annual Reporting Guidelines issued by National Treasury, the auditors raised exceptions on the financial and performance report which necessitated adjustments. Figures have always been reflected on each payment voucher attracting retentions, as such accurate records in this regard have always existed.

The Accounting Officer further mentioned that the Department commenced with a process of reconciling records to ensure ease of reporting and tracking related movements throughout the year. The Department has developed internal controls in order to enhance accountability and good governance, amongst these, are Standard Operating Procedures, policies and procedure manuals at a programme level. The Department developed an Audit Action Plan using the Treasury framework to mitigate findings raised in the 2017/18 financial year, which included internal control deficiencies. The plan is monitored on a monthly basis and progress reports are submitted to Provincial Treasury.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must submit a progress report on the reconciled records to ensure ease of reporting and tracking relating movements throughout the year.
- (ii) The Accounting Officer must monitor internal controls in order to enhance accountability and good governance.

8. OTHER INFORMATION

8.1. EXPENDITURE MANAGEMENT

The Committee noted that the Auditor General indicated on page 118 paragraph 29, that repayments were made before goods and services were received, in contravention of Treasury Regulation 3.1.1.2 (c).

The Committee sought clarity on why the Accounting Officer contravene with the Treasury Regulations 3.1.1.2 and failed to resolve findings raised by Auditor General on false declarations and awards to persons in the service of other state institutions reported in the prior year. The Accounting Officer was also required to provide reasons on the department's failure to detect suppliers who submitted false declaration of interest, a list of all suppliers affected, the steps taken against them

and what measures is the Accounting Officer putting in place to avoid recurrence of the findings raised.

In giving clarity, the Accounting officer mentioned that the matter relates to rates and taxes paid to the municipalities that had always billed the Department for a year (once-off), however Auditor General raised the issue of the overlapping financial years between the Department and Municipalities. The Auditor General recommended that the Department classify the payment of three (3) months from April to June as prepayments, the Department has requested the municipalities to bill them only for nine (9) months and as such there won't be any prepayments.

Providing the reasons on the department's failure to detect suppliers who submitted false declaration of interest, the Accounting Officer mentioned that the Department has no electronic system to detect suppliers who submit false declarations employed outside Persal System for an example, State Owned Enterprises, Law Enforcement Agencies, etc. The Department verifies the suppliers on the available systems that are Central Supplier Database, Persal System and Public Servant Verification System. The Accounting Officer referred the committee to an attached annexure.

Recommendations

The Committee recommends that the House resolve that:

- (i) The Executive Authority must take disciplinary actions against the Accounting Officer for contravening the Treasury Regulations 3.1.1.2

8.2. REPORT BY AUDIT COMMITTEE

The Committee noted that the report of the Audit Committee raised issues on the effectiveness of internal controls in the department. The areas of concern are as follows:

- Poor implementation of internal controls due to staff shortage, mainly in district. This was found around revenue management and leave management

- Delay in management response to audit findings raised
- Lack of segregation of duties due to vacant positions in revenue management
- Lack of understanding of audit processes by internal officials
- Late submission by divisions of required documentation hence a delay of audits
- Inadequate maintenance and control of government vehicles in certain districts

Based on the raised issues the Accounting Officer was required to indicate the progress made in implementing the recommendations made by the Audit Committee on the areas of concern raised.

In response, the Accounting Officer indicated that officials capturing and authorising journals have been cautioned to verify that the information captured in the system is correct before finalising the transaction. The Department is currently using interns to address the overall shortage of staff and will endeavour to fill advertised posts by the end of the financial year from the Provincial Road Maintenance Grant (PRMG) and further identified and submitted 81 posts for filling to EXCO for approval. The Department has a Real Time Fleet Management System for overall management and tracking of Government Owned vehicles (Tracking System).

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must fill vacant critical position to strengthen internal controls and procurement processes.

8.3. FRUITLESS AND WASTEFUL EXPENDITURE

The Committee commended the Department for not incurring fruitless and wasteful expenditure in 2015/16, 2016/17 and 2017/18 and has written off an amount of R 636 000 out of the R 806 000 opening balance from previous years.

The balance of R 170 000 was transferred to Receivables for recovery. This means there is a decrease of the amount to R 170 000.

The Committee noted that the Department indicated in note 22 of the AR page 192-196 that the amount of R 636 000 was written off because it was resolved.

However it is common for the department to overlook actions taken by responsible officials who contravened legislation by saying no action was taken because goods and services were received.

Based on the above statement, then Accounting Officer was required to share with the Committee how the amount of R 636 000 was resolved which influenced the decision to write- off. The stage of the department regarding the recovery of an amount of R 170 000 and whether disciplinary actions were taken against officials who caused the department to incur this expenditure amounting to R 636 000.

In giving clarity, the Accounting Officer shared with the Committee that an investigation was conducted by Internal Audit and recommended that the amount be written off, this process has since been concluded. The amount of R129 000 is in the process to be written off whilst the remaining amount is in its final stage of investigation. The Accounting Officer referred the Committee to an attached updated annexure for satisfaction.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must provide the Committee with the investigation report amount of the amount R636 00.00 that was written off.

8.4. DEBTS WRITTEN OFF

The Committee noted that the department had irrecoverable debts written off amounting to R 3 000 000 in the 2016/17 financial year. However, the department wrote-off an amount of R 2 958 000 in the 2017/18 financial year which is the current year under review.

In providing details, the Accounting Officer stated to the Committee that the Department had irrecoverable debt relating to Sizwe Auctioneer's amounting to R 5, 9 million. All necessary steps were taken to recover the amounts owing to the Department. State Attorney's Office advised that the Department should write-off the amount, due to the irrecoverable status. Over the years the Department has written off bad debts and only a balance of R2 958 000 is remaining during the current year.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must put proper systems in place to recover debts owed to department.

8.5. ACCRUALS

The Committee noted that the Department's accruals decreased from R 63 192 000 to R 21 581 000 in the 2017/18 financial year.

The Accounting Officer was required to share with the Committee the plans in place to clear these accruals in 2018/19.

In response the Accounting Officer shared with the Committee that accruals were cash-backed and the Department has requested rollover from Treasury.

Recommendations

The Committee recommended that:

- (i) The Accounting Officer must submit to the Committee an updated report on the requested rollover from the Treasury by the Department.

9. PROGRESS TOWARDS ACHIEVING A CLEAN AUDIT OPINION

The Committee noted with disappointment that the department has again received a qualified audit opinion in the 2017/18 financial year, indicating that the department regressed in terms of the audit opinion.

The Committee further noted that this is despite the commitments made to the Committee that the department will receive a clean audit in the 2017/18 financial year.

Based on the above finding the committee wanted to know what led to the Departments failure to obtain a clean audit opinion in the 2017/18 financial year. The measures put in place by the Accounting Officer to ensure that a clean audit is achieved in the 2018/19 financial year as well as the plan to ensure that the Audit Action Plan and all House Resolutions are implemented timeously in the Department.

In response, the Accounting Officer mentioned to the Committee that the Department received a qualified audit opinion, the following is the basis of the qualifications due to none-disclosure of retentions as provisions in the AFS.

The Department disclosed the retentions amounts as part of the commitments, understatement of current commitments in the AFS and some of the current commitments were recorded at incorrect amounts.

Furthermore the Accounting Officer mentioned that the Department is currently implementing the Audit Action Plan to address the findings and also to avoid recurrence. Regular performance reviews and management meetings are held to discuss progress on financial and non-financial issues. The Department has identified key areas that will be closely monitored i.e. strengthening of internal controls, procurement processes, review of supporting documents etc. A request for training on Modified Cash Standards (MCS) was submitted to Treasury. The Department is awaiting feedback.

The Committee sought clarity on how will the department deal with the consistent weaknesses identified in the department mainly in the supply chain management, quality of performance reports, and quality of submitted financial statements identified by the Auditor General.

The challenges envisaged by the department that might hamper the achievement and the commitment in Select Committee in achieving a clean audit opinion 2018/19.

In giving clarity, the Accounting Officer mentioned to the Committee that the Department has established an Annual Report Committee which will review and monitor the preparations of Annual Financial Statements to ensure completeness and accuracy there-off. A request for training on Modified Cash Standards (MCS) was submitted to Treasury. The EPWP unit will increase advocacy during Stakeholder meetings for public bodies to keep supporting documents for all work opportunities reported.

The attendance registers are being standardised for all public bodies and declaration forms for people with disabilities are obtained from public bodies on a quarterly basis. The Department has further identified key areas that will be closely monitored i.e. strengthening of internal controls, procurement processes, review of supporting documents etc.

The Accounting Officer further mentioned that the Department does not have a system to detect officials doing business with government, this might hinder a clean audit. The vacant positions in Finance resulting in lack of segregation of duties as identified by the Auditor General and lack of commitment by Public Bodies in terms of reporting and providing Portfolio of Evidence. Preparation of Annual Financial Statements which are free from material misstatements.

In Committing towards the clean audit, the Accounting Officer mentioned that the Department endeavours to achieve a clean audit in the 2018/19 financial year. All reports and supporting documentation will be reviewed prior to submission to the Auditor General. The Department will further engage the Auditor General to do a pre-audit before financial year end to address all possible findings.

Recommendations

The Committee recommends that the House resolve that:

- (i) The Accounting Officer must implement the remedial Audit Action Plan and submit a report to the Committee.

10. CONCLUSION

The Committee has satisfied the requirements of the Mpumalanga Provincial Legislature Rules and Orders of conducting oversight over the financial statements of the Department of Health. The Chairperson would like to express his heartfelt gratitude Honorable Members of the Committee, MEC, HOD and Senior Management for availing themselves to deliberate on matters pertaining to the Department.

The Chairperson would also like to thank the support staff for contributing to the production of this report.

Unless specified differently, progress on all resolutions must be submitted to the Legislature by the 26 June 2019 and on a quarterly basis afterwards.

11. ADOPTION

The Select Committee on Public Accounts recommends that the House adopt this report and its recommendations as House Resolutions.



HON. VV WINDVOËL

**CHAIRPERSON: SELECT COMMITTEE
ON PUBLIC ACCOUNTS**

02/04/2019
DATE