



REPORT 12 OF 2013
SELECT COMMITTEE ON PUBLIC ACCOUNTS OF THE 4TH MPUMALANGA PROVINCIAL LEGISLATURE:
DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT (2011/12)

1. INTRODUCTION

The Select Committee on Public Accounts (SCOPA) hereinafter referred to as a 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 reports of the Department.

2. COMMITTEE PROCEDURES

The Committee met on 25 April 2013, 31 May 2013, 13 June 2013, 06 August 2013 and 22 August 2013 to deliberate on the above reports. Meetings of the Committee were open sessions 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 Authority has attended the Meeting but had to leave before the meeting could be concluded and never attended the other meetings. The Accounting Officer, senior management of the Department and the Audit Committee attended the

Committee meetings except that on the 06 August 2013, at which the Accounting officer was on leave, hence the presence of the Acting HOD. Various questions were posed by the Committee during the hearings which were responded by the Accounting Officer.

3. COMMITTEE FINDINGS AND RECOMMENDATIONS

3.1 IRREGULAR EXPENDITURE (R61 053 000.00)

The Committee has found that the Auditor General has reported that the Accounting Officer has incurred irregular expenditure of R 61 053 000.00. This was a contravention with section 38(1) (c) (ii) of the PFMA and the Treasury Regulation 9.1.1

The Committee further noted that R49 627 000.00 of the R61 053 000.00 was irregular expenditure relating to scholar transport.

The Committee was concerned that the Accounting Officer has contravened the above listed legislation considering that this legislation is the one guiding the functions of the Accounting Officer. The Committee was more concerned that the Accounting officer further contravened the Supply Chain Management Practice Note 6 of 2007/ 2008.

The Committee further found and was concerned that the Accounting Officer incurred irregular Expenditure to the value of R 10 197 000.00 of the R61 053 000.00 which was incurred in contravention of the Supply Chain Management Practiced Note 7 of 2009/10.

The Accounting Officer indicated that R49 627 000.00 for Scholar transport was incurred because when the function of scholar transport was transferred to the Department of Public Works, Roads and Transport from the Department of Education, the Department of Education did not have a contract document which made the Accounting Officer of the Department to use Practice Note 6 of 2007/2008 to appoint service providers on a month to month basis because schools were

already opened and could not compromise the scholars due to the absence of contract. The Accounting Officer further indicated that Provincial Treasury and the Auditor General were informed of this dilemma.

The Accounting Officer further indicated that (he) has advertised a tender for the scholar transport but received complaints from the South African Bus Operators (SABO) who then took legal actions against the department but lost the case, resulting in the Accounting Officer re-advertising the tender for the 06 June 2010. This process was further suspended due to legal actions taken by the SABO, whereas in May 2011 the Mpumalanga Scholar Transport Organisation also intended to apply to the North Gauteng High Court to restrain the department from implementing the contract hence the contract could not be implemented on time. The Accounting Officer concluded that is the reason they had to use the month to month contract. This month – to – month contract amounted to R49 627 000.00. However, the new contract was implemented from 01 July 2011. The Accounting Officer re-emphasized – that the Provincial Treasury and Auditor General were informed.

The Accounting Officer further accounted for contravening the Supply Chain Management Practice Note 6 of 2007/08 by indicating that it was a result of court interdicts and legal battles that delayed the awarding and implementation of the contract of scholar transport.

The Accounting Officer confirmed to the Committee that he is aware that failure to comply with section 38 and 40 of the PFMA constitute financial misconduct and that disciplinary action might be taken against him for contravening these sections of the PFMA.

Lastly, the Accounting Officer indicated that (8) eight of the companies that did not submit the SBD4 form are owned by public servants not in the Department. However, as a result, the Accounting Officer has developed and implemented an irregular expenditure register which is updated on regular basis.

The Committee noted that the Accounting Officer has appointed a service provider for monitoring the school transport. The Committee argued that the service provider appointed in question had previously disserved the department on the establishment of the routes. The Committee is of the view that this service provider should have not been appointed considering the previous disservice he has offered to the Department.

The Accounting Officer indicated that the service provider has not disserved the Department.

The Committee further believe that the service provider does not have capacity to monitor the scholar transport in the province. The Committee is of the view that the work of monitoring should have been awarded to various contractors. The Committee further believe that the tools of trade in the possession of the service provider are not sufficient to conduct the monitoring function of the scholar transport. The Committee further believes that this function should have been performed by the monitoring and evaluation unit of the department, if not capacitated, the Accounting Officer should have capacitated the unit rather than spending a lot of money on a service provider who add little or no value to the department.

The Committee, after considering the vastness of the scholar transport, has found that the service provider in a region Gert Sibande, has appointed one person with one camera and one GPS, one Monitor; whereas in Nkangala the service provider has only two assistants. In total, the service provider has six personnel overall for R652 000.00 per month. The Committee is of the view that the contract must be reviewed.

The Committee held a firm view that the services provided with only six officials could have been performed internally by the Department.

The Committee further noted that the Accounting Officer has piloted the scholar transport model and thus paying different rates in the different district. The Committee further wanted the Accounting Officer to ensure that in the awarding of

contracts, women, youth and people with disabilities must be considered as well as the geographic spread.

3.1.1. RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must improve contract management in the department.
- (ii) The Accounting Officer must review the monitoring contract awarded to the Service Provider to determine if the contract could not be terminated and transfer this function to the Monitoring and Evaluation Unit of the Department.
- (iii) The Executive Authority must ensure that the Accounting Officer make a determination of whether the R652 000.00 per month given to the service provider is value for money to the Department considering that the service provider has only six officials monitoring 507 routes in the province, explain to the Committee on why this function could not be carried by appointed officials of the Department and submit this report to the Committee
- (iv) The Accounting Officer must ensure that service providers appointed transfer skills to the officials in the department.
- (v) The Accounting Officer must ensure that - in the awarding of contracts – women, youth and people with disabilities must be considered as well as the geographic spread.

3.2 COMPLETED PROJECTS ACHIEVED

The Committee noted that the Accounting Officer, in the Annual Report on page 17-24, has reported on its achievements for the 2011/12 financial year and listed all completed infrastructure projects. The Committee noted that the department had reported that it constructed 97 classrooms at ML Nkuna School. The Committee paid attention to all the reported projects and questioned the department on the accuracy of the report.

The Committee raised its concern that the Accounting Officer could not firmly verify the projects reported in the Annual Report. The Committee therefore instructed the Accounting Officer and the Senior Management team to do a physical verification of the projects.

In the next meeting, the Committee found that the Accounting officer and the Senior Management team did not verify the projects but relied on the verification by junior officials. The Committee at this time had already conducted a telephonic verification of the projects. In the meeting, the Committee further instructed the Acting Accounting Officer to do a physical verification with his top management. The following table indicate the inconsistencies on the reported information.

SCHOOL	Annual Report (2011/12)	PWRT (responses) 6 Feb 13	PWRT (verification) 8-12 Aug 13	SCOPA (verification) 12-13 Aug 13
Sizenzele Primary School	<ul style="list-style-type: none"> - Construction of 20 classrooms, - Admin block - 1 toilet (carried over) 31 August 2012 	<ul style="list-style-type: none"> - 40 class rooms - 1 administration block 	<ul style="list-style-type: none"> - 20 new classrooms - 12 classrooms renovated - 1 admin block - 33 toilets <p>(R5,930,150.00)</p>	<ul style="list-style-type: none"> - 20 classrooms constructed - 12 classrooms renovated - 1 admin block - 33 toilets <p>The project started in 2008 and was completed in 2012</p>
Germans Chiloane Secondary	<ul style="list-style-type: none"> - Construction of 18 classrooms, - Computer centre - Library - Laboratory - 24 toilets - Admin block - Rails and ramps - Kitchen - Home economic centre - Hall - Electricity - Fencing - Water supply (31 May 2011) 	<ul style="list-style-type: none"> - 18 class rooms - 1 laboratory - 1 administration block 	<ul style="list-style-type: none"> - Demolition & Construction of 18 classrooms - 1 laboratory - 1 Library - 1 computer centre - 1 Home Economics Centre - 1 Admin Block - 1 School Hall - 24 Toilets - Fence, electricity, water, rails and ramps <p>Kitchen was omitted but the saving on Kitchen used to install a borehole for the school</p> <p>(R11,134,319.00)</p>	<ul style="list-style-type: none"> - 18 classrooms constructed - Demolished 18 classrooms - 24 toilets - 4 toilets for teachers - Economic Centre - Laboratory - 1 admin block - Gas Store - 1 library - 1 school hall - Water and electricity - Fence but excluded other parts of the school yard
KaMhlushwa Primary School	<ul style="list-style-type: none"> - Construction of 16 classrooms, - 1 computer 	<ul style="list-style-type: none"> - 16 classrooms - 1 administration block 	<ul style="list-style-type: none"> - Construction of 24 classrooms - 1 administration block - 1 computer centre 	<ul style="list-style-type: none"> - 24 classrooms constructed - 1 admin block - 1 computer centre - 1 library

	<ul style="list-style-type: none"> centre - 1 library - 1 kitchen - Rail and ramps - 3 sports grounds - Parking - Admin block - School hall - 24 toilets - Water supply - Fencing <p>(31 August 2011)</p>		<ul style="list-style-type: none"> - 1 library - 1 school hall - Fence, car park, water, sanitation, electricity, grade R centre, - 3 sport field and recreation centre <p>(R42,851,055.38)</p>	<p>1 school hall Fence, car park, water, sanitation, electricity 1 Grade R centre 3 sports field</p> <p>24 toilets</p> <ul style="list-style-type: none"> • 4 toilets not used due to poor workmanship • Trees were not properly removed on site • Site has termites • Paving (soil) not compressed
*ML Nkuna Secondary School	<ul style="list-style-type: none"> - Construction of 97 classrooms, - 30 August 2011 	<ul style="list-style-type: none"> - 12 classrooms renovated - 7 new class rooms built 	<ul style="list-style-type: none"> - Completion of 12 classrooms, - Construction of 7 classrooms <p>(R3,492,655.00)</p>	<ul style="list-style-type: none"> - Completion of 12 classrooms - Construction of 7 classrooms - Renovation of 4 classrooms (putting a new ceiling)
Mbuzini Primary School	<ul style="list-style-type: none"> - Construction 20 classrooms, - Computer centre - Library - Laboratory - Kitchen - Rails and ramp - Admin block - 13 toilets - Water supply - School hall - Electricity - Home economics 	<ul style="list-style-type: none"> - 8 new classroom - 1 laboratory - 1administration block - 12 classroom renovations 	<ul style="list-style-type: none"> - Construction of 8 classrooms - 1 computer Centre - 1 library - 1 laboratory - 1 kitchen - Rails and ramps - 1 Home Economic Centre - 1 admin block - 1 school hall - 13 toilets - Water supply, electricity - Renovation of 12 classrooms <p>(R9,254,861.62)</p>	<ul style="list-style-type: none"> - Construction of 8 classrooms - Renovation of 12 classrooms - 1 computer Centre - 1 library - 1 laboratory - 1 kitchen - Rails and ramps - 1 Home Economics Centre(no stoves) - 1 admin block - 1 school hall - 13 toilets <p>The toilets are not used</p> <ul style="list-style-type: none"> - Water supply, electricity <p>The Construction started in 2008 and was completed in March 2012</p>
Sebenta School	<ul style="list-style-type: none"> - Construction of 14 class rooms, - Rails and ramp <p>(30 June 2011)</p>	<ul style="list-style-type: none"> - 14 classrooms 	<ul style="list-style-type: none"> - Renovation of 20 class rooms, ramps and rails <p>(R1,997,539.52)</p>	<ul style="list-style-type: none"> -20 classrooms renovated Between 2007 and 2011 - Only 4 classes electrified - Other classes left with incomplete electrification/holes on the wall - Some Ramps were left without rails

				- Electric wires inside ceiling are without conduit pipes
Sibongamandla School	- Construction of 24 classroom, 30 July 2011	- 24 classrooms	- Demolition and construction of 24 classrooms (R6,825,168.00)	- Demolition of 24 classrooms - Construction of 24 classrooms
Sinqobile Secondary	- Construction of 28 classrooms, - 1 computer centre - 1 library - 1 laboratory - 1 school hall - 26 toilets - Water supply - Admin block 30 November 2011	- 5 classrooms - 1 laboratory - 23 classrooms renovated	- Construction of 5 classrooms - 1 library - 1 laboratory - 1 computer Centre - 1 school hall - 10 toilets - Water & sanitation renovation of 23 classrooms - 1 admin block - 16 toilets (R7,954,400.00)	5 classrooms constructed 1 library 1 computer lab 1 computer centre 10 toilets constructed 1 Hall started 2008 - 2012 Water
KING MAKHOSONKE SECONDARY	- Construction of 12 Classrooms, 8 toilets	-	- 12 new classrooms - 10 toilets - Another contractor appointed for outstanding water supply (R2,116,699.37)	Scopa found that there were 6 classrooms built in 2008 and no toilets constructed. Instead the toilets were built by the Community through the SGB of the School

The following inconsistencies were found between the annual report and the physical verification of the projects and information submitted by the department;

- In Sizenzele Primary school; 33 toilets were constructed instead of 1 reported in the annual report,
- KaMhlushwa Primary School; 24 classrooms were built instead of 16 reported in the annual report and 1 Grade R centre was omitted in the annual report,
- In ML Nkuna Sec School; 7 classrooms were constructed, 12 were completion of earlier abandoned classrooms, 4 classrooms renovated instead of the 97 classrooms reflected on the Annual report,
- Mbuzini Primary School; 8 classrooms were constructed and 12 renovated instead on construction of 20 classrooms in the annual report,

- Sebenta Combined School; 20 classrooms were renovated instead of 14 classrooms reported in the annual report. Only 4 of the 20 classrooms were electrified and others were left incomplete and exposing learners to danger,
- Sinqobile Secondary School; 5 classrooms constructed instead of 28 reported in the annual report and 10 toilets instead of 26 reported,
- King Makhosonke Secondary; 6 classrooms were constructed in 2008 instead of the 12 reported in the annual report and no toilets constructed instead of the 8 toilets reported. The school indicated that new toilets were constructed by parents and the SGB.
- The Cost of renovating each classroom at Sebenta Combined in August 2007 was R124 846.22, compared to the cost of building a new classroom at Germans Chiloane Sec School of R159 686.44 in November 2007.

The Committee concludes that the information contained in the annual report is incorrect and some of the project reported on dates back to 2007.

3.2.1 RECOMMENDATIONS

The Committee Recommend the House to resolve that:

- (i) The Executive Authority must take disciplinary actions against the Accounting Officer, for misleading the MEC, Portfolio Committee, Committee, the Mpumalanga Provincial Legislature and the people of Mpumalanga by causing the Department to table before the Legislature and the Auditor General an annual report with incorrect information.
- (ii) The Executive Authority must withdraw incorrect information contained on pages 17 to 24 of the Annual report (2011/12).
- (iii) The Accounting Officer must inform the Auditor General, Provincial Treasury of the incorrect information contained on page 17 to 24 of the annual report.

3.3 PROJECT CARRIED FORWARD P17/6 (R538)

The Committee found that on page 26 of the Annual report, the Accounting officer has reported a project for P17/6 relating to 5.8 km road reseal was carried forward to 2013/14 financial year.

The Accounting Officer has indicated that the delay in the project was caused by the problems of cash flow within the department. As a result, the contractor left site and abandoned the project. The department accepted that there was a bulk of concrete abandoned along the road by the service provider which it will use to repair potholes.

The Department further indicated that R59 164 000.00 has been paid to the same service provider, Mac P Construction during the 2011/12 financial period. The Accounting Officer further indicated that the project was completed by 30 July 2012 as per the project extension.

3.3.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must improve the departmental project management capacity.

3.4. FINANCIAL REPORTING FRAMEWORK

The Committee has found that the Auditor General has reported that the Accounting Officer has submitted financial statement for auditing which were not prepared in accordance with the prescribed financial reporting framework and were not supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA.

The Committee further found that this finding was recurring from the previous financial year meaning that the Accounting Officer has failed to implement House resolutions. The Committee reminded that Accounting Officer that failure to comply with the above mentioned sections could be a serious misconduct.

The Accounting Officer indicated that the Annual Financial Statement and Performance information presented on the Annual Report was prepared in accordance to framework determined by the National Treasury. The Accounting Officer indicated that he was

satisfied with the preparation of the Annual Financial Statement up until the Auditor General raised exception to the disclosure notes which necessitated adjustments on irregular expenditure, litigations, capital commitments, lease commitments, and assets management.

The Accounting Officer assured the Committee that House Resolutions are taken serious and implemented by the Department. However in preventing this finding from recurring, the Accounting Officer has established a committee which will review the Annual Report prior submission to the Treasury and the Auditor General. In addition, the report will be submitted to the internal audit unit and the office of the Accountant General for review. The Department – added the Accounting Officer - is in the process of establishing a unit dedicated to financial reporting.

The Committee felt the Accounting Officer is not responding to the questions posed to the department. The Committee further reminded the Accounting Officer that in the previous financial year, the Accounting Officer has committed to establish a unit for financial reporting and the committee to review the annual report. The Committee believes therefore, that the Accounting Officer failed to implement the measures he planned to establish the previous financial year.

3.4.1 RECOMMENDATIONS

The Committee recommends the House to resolve that;

- (i) The Accounting Officer must ensure that Annual Financial Statement is prepared as per the requirements of the PFMA
- (ii) The Accounting Officer must establish the Committee to review the Annual Report before submitting as indicated in the previous financial year
- (iii) The Executive Authority must ensure that the Accounting Officer implement House Resolutions with due diligence.

3.5 PROCUREMENT AND CONTRACT MANAGEMENT

The Committee has found the Auditor General has reported that there are officials doing remunerative work outside of their employment in the public service without approval from the relevant authority as required by PSASA, 1994. There were allegations of failure to comply with the supply management system laid against the role players in the supply chain management system but were not investigated as required by the

Treasury Regulation 16A.6.1. The Committee further noted that the department had awarded contract to persons in the Department.

The Accounting Officer indicated that on discovery of these findings he has issued letters of intend to discipline the affected officials and has also wrote to other departments to take action against their officials who have been found to do business with the department without permission.

The Accounting Officer – in addition – indicated that;

- (a) all the affected suppliers had been de-activated on LOGIS,
- (b) SBD4 form are introduced a compulsory form for all service providers and those who had not submitted are not considered,
- (c) Supply Chain Officials are using PERSAL to verify if company shareholders or directors who are public employees,
- (d) Training is offered to supply chain management officials on regular basis
- (e) Developed procurement and expenditure checklist prior to processing and approving any transaction.
- (f) Instructed the Internal Audit to conduct an investigation on the findings above.

The Accounting Officer further indicated that two service providers had been issued with the letter of termination; the service providers affected are Disanang Consultant Service and Odilix Scholar Transport Services.

The Committee was of the view that the Accounting Officer at the sitting of the hearing should have already reported on the funds that have been recouped. The Committee was further concerned that one of the service providers appointed had a Director in the Department as a director of the company.

The Committee further believes that the Accounting Officer should not negotiate a contravention by the by the service providers but must ensure that all profits gained by such service providers must also be recouped without negotiations.

The Committee was however, relieved that the Premier of the Province has put a stop to this practice. The Committee was however, of the view that employees of the department must be made to sign letters indicating that they will not do business with government. The Committee wanted the Accounting Officer to be firm on the matter and was assured of the support of the Committee.

3.5.1 RECOMMENDATIONS

The Committee recommend the House to resolve that:

- (i) The Accounting Officer must verify service providers and validate information submitted on SBD4 forms prior to awarding any work to service providers.
- (ii) The Accounting Officer must take disciplinary action against any official(s) who award work to government officials without validating misleading information submitted on SBD4 forms.
- (iii) The Accounting Officer must take disciplinary actions against all officials of the department who had been found to conduct business with government.
- (iv) The Accounting Officer must ensure that all profits earned by officials doing business with government must be recovered.
- (v) The Executive Authority must ensure that the Premier's call during the state of the nation address, of no government official will be allowed to do business with government is implemented.
- (vi) The Accounting Officer must submit the report with the findings of the investigation conducted by the Internal Audit of the Department.

3.6 REVENUE MANAGEMENT

The Committee has found that the Auditor General has reported that the Accounting Officer did not take effective and appropriate steps to collect all monies due as required by section 38 (1) (c) (i) of the PFMA and Treasury Regulation.

The Accounting Officer indicated that he could not collect all monies due to the department because:

- (i) R1 742 000.00 was due to late payment of shared services rendered during the last quarter of the financial year by client departments,
- (ii) R952 000.00 was for payment of pensions for ex-employees directly to the beneficiaries by the government employees' pension fund without considering the debt route forms submitted by the department.
- (iii) R 7 363 000.00 is for Pilgrim's Rest debtors due to non - payment of services and the department is considering legal demand and possible proceeding in the Court of Law.
- (iv) R 6 275 000.00 from suppliers, Sizwe Auctioneers PTY, who is currently undergoing liquidation.

The Accounting Officer indicated that both Pilgrims Rest and Sizwe Auctioneers debts were handed over to the State Attorney to consider legal demand and possible in a court of law. Senior Council Tokota has been appointed to handle all outstanding debts for Pilgrim's Rest businesses. All other debts older than 9 days have been handed over to the legal section for further collection.

3.6.1 RECOMMENDATION

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must collect revenue and all monies due to the department.

3.7 SERVICE DELIVERY – PUBLIC WORKS

The Committee has found that the Auditor General has reported the Accounting Officer did not implement processes and procedures to identify unused and leased building to prevent the underutilisation of office accommodation.

The Accounting Officer acknowledged the finding and indicated that to curb this from recurring:

- (a) Inspection on buildings are conducted on a monthly basis,
- (b) Assets register is put in place,
- (c) Adhere to the User – Asset Management Plans (UAMPs) which compels the Accounting Officer to conduct and report on under-utilised or vacant properties,
- (d) Public enquiries received are investigated and addressed.

The Accounting Officer indicated that there were investigations relating to unused leased building and has identified a building in Ermelo which was hired for DEDET but the matter has since been resolved amicably.

The Committee further noted that goods and services above R500 000.00 were not procured by means of competitive bidding process as per the requirements of Treasury Regulation 16A.6.1 and Treasury Regulation 16A.6.4

The Accounting Officer indicated that according to the department, they had followed all the right processes in procuring these services and as a result had disagreements with the Auditor General on this finding. The Accounting Officer added that they have developed a contract management system to ensure proper record system.

3.7.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must timely take disciplinary action against official(s) responsible leasing unused buildings (fruitless expenditure)
- (ii) The Accounting Officer must ensure that the developed contract management system is effective and ensure record management of contract.

3.8 LEADERSHIP

The Committee has found that the Auditor General has reported that the Accounting Officer did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as internal control.

The Accounting Officer – responding to the finding- indicated that he has established and Internal Audit Unit which evaluates the effectiveness and efficiency of internal controls and develop recommendations for enhancement and improvement based on its annual audit plan.

The Committee is of the view that this response is not adequate considering that the Accounting Officer has not just established the Internal Audit Unit but the Department has had an Internal Audit over the previous financial years. The Committee believes that the Accounting Officer must ensure that adequate measures are put in place to ensure that the Accounting Officer exercise oversight responsibility regarding the financial and performance reporting and compliance.

The Accounting Officer indicated that the Department has reviewed the Committee for the preparations of the Annual Financial Statements. The financial reporting unit has been established, added the Accounting Officer. In addition, the Accounting Officer indicated that a Monitoring and Evaluation Unit responsible for performance reporting has been beefed up with two Deputy Directors to validate reported information and fully implement guideline for management of performance information.

3.8.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must ensure that adequate and efficient measures are put in place to ensure that the department exercise effective oversight responsibility on financial and performance reporting.
- (ii) The Accounting Officer must prevent this finding from recurring in future financial years.

3.9 CONDITIONAL GRANT

The Committee has found that in the Annual Report the Accounting Officer has indicated that the EPWP incentive grant has an actual receipt of R 7 862 000.00 while the Division of Revenue indicated that the grant was R9 486 000.00.

The Accounting Officer indicated that the correct figure was R 9 486 000.00 because the department has created enough job opportunities in the previous year hence the increase in the incentive grant.

The Committee commended the Accounting Officer for creating sufficient job opportunities to ensure an increase in the incentive grants.

3.9.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must strengthen its efforts to continue with creating more EPWP job opportunities to increase its incentive conditional grant.

3.10 INVESTIGATIONS

The Committee found that the Accounting Officer has reported on an on-going investigation regarding an employee who was found using a government vehicle for personal use without authorisation.

The Accounting Officer indicated that the Department has charged Menzi Kumalo of the Barberton Cost Centre and has appointed an internal prosecutor Mr Maswangaye who is from the Department while the Chairperson of the disciplinary committee is Norman Fakude.

The Accounting officer has indicated that all government vehicles are fitted with a tracking system that monitors the movement of the vehicles.

3.10.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must report the findings and penalties of all on-going investigation to the Committee.

3.11 ACCRUALS (R 68 228 000.00)

The Committee has found that the Accounting Officer has disclosed in the notes of financial disclosure that the department has incurred accruals of R 68 228 000.00.

The Accounting Officer indicated that the accruals are as a result of most invoices being received at the end of the financial year. The invoices, added the Accounting officer,

were relating to accommodation, contractual obligation and multi-year contracts. In addition the Accounting Officer gave a breakdown of the accruals as, according to programmes: R 2 790 000.00 for Administration, R 3 027 000.00 for Public Works, R 37 794 000.00 for transport infrastructure, R 22 422 000.00 for transport operations

The Committee indicated that there was poor financial management in the department which resulted accruals amounting to R68 228 000. 00. The Accounting Officer had failed to put systems in place to ensure that invoices of long term contracts are addressed in time. The Committee further believes that if all the accruals were settled the department would have incurred an unauthorised expenditure.

3.11.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting officer must develop a strategy of ensuring that all invoices are received in time and paid within 30 days.
- (ii) The Accounting Officer must put measures and systems to detect and prevent unauthorised expenditure.
- (iii) The Provincial Treasury must analyse the accruals of the department and provide advise on their treatment to the department and the committee.

3.12 PREDETERMINED OBJECTIVES

The Committee has found that the Accounting Officer has failed to achieve 50per cent of the planned targets for the financial year under review.

The Accounting Officer indicated to the Committee that the underachievement has been reported in the annual report targets not suitably developed during the strategic planning process, the underachievement of four (4) indicators was in fact an achievement of less accidents and fatalities, six indicators had a variance of 10per cent or less, 18 indicators could not be achieved due to unrealistic targets.

3.12.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must develop indicators that are specific, measurable, achievable and time-bound.
- (ii) The Executive Authority must ensure that the strategic plan of the department is evaluated to ensure that all its indicators are specific, measurable, achievable and time-bound.

3.13 HUMAN RESOURCE MANAGEMENT

The Committee has found the Auditor General has reported that the Accounting Officer has not filled funded vacant post for more than 12 months as required by the Public Service Regulation 1/vii/1A.2.

The Accounting Officer - to the understanding of the Committee - indicated that the post could not be filled due to a moratorium on all appointments. However, critical posts were identified and in the process of being filled and will ensure that in the future the accounting officer will ensure that all funded posts are filled.

3.13.1 RECOMMENDATIONS

The Committee recommends the House to resolve that:

- (i) The Executive Authority must ensure that the Accounting Officer fill all funded vacant post within 12 months.

4. 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 Public Works, Roads and Transport.

Unless specified otherwise, progress on all resolutions must be submitted to the Committee by the 30 November 2013 and thereafter on quarterly basis

5. ADOPTION

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

Hon. NS Mtsweni

Date

Chairperson

Select Committee on Public Accounts

Mpumalanga Provincial Legislature