



PMTE hearing on annual report & irregular, fruitless and wasteful expenditure; with Minister & Deputy

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Chairperson: Mr M Hlengwa (IFP) [Share this page](#): [Meeting Summary](#) [Video](#)

In this virtual meeting, the Committee conducted a hearing on the annual report and financial statements of the Property Management Trading Entity for the 2020/21 financial year, as well as irregular, fruitless and wasteful expenditure relating to the entity. The Minister of Public Works and Infrastructure as well as the Department of Public Works and Infrastructure responded to the matters raised. The Minister stated that the main problem was that the Department was resisting Information Technology (IT) systems. The Department wanted to continue to work manually. Archibus was now being implemented. Archibus was a system acquired by the Department in 2012. As of 2021, only eight models of that system had been implemented; two of that had been activated. That showed the resistance to using IT in the Department. There were a lot of over-payments as well as under-payments. The Department had gotten to the bottom of what was causing the over-payments and who was pressing 'the button' to over-pay on a monthly basis. DPWI had to face numerous court challenges about the leases. The leases were the main cause of the qualified audit outcome – all energy had been put into this. Meetings were taking place on a weekly basis on it. An outside service provider had worked through thousands of leases for the Department. Some of the leases were still missing. The Department was tracing them.

About 98 percent were traced. The Minister highlighted the imbalance of the Department paying too much money in leasing and not doing enough to let its properties to increase revenue. Two Committee Members led the hearing and asked a number of questions of the Department. A Member stated that it was concerning that Management was still unable to implement proper record keeping and controls in a timely manner. It was asked why measures had not been put in place to improve record keeping. Citing the AG, Members expressed concern that there was no sufficient audit evidence that investigations were conducted in all allegations of financial misconduct committed by officials, as required by Treasury regulations. Further, disciplinary hearings were not held for all confirmed cases of financial misconduct by officials, as required by Treasury regulations. In addition, there was no evidence that confirmed cases of improper conduct in supply chain management constituted a crime reported to SAPS, as required by Treasury regulations. Questions were asked if there was coherent oversight of the entire system within the Department, where consequence management was concerned. Members noted that the Minister managed the largest retail estate portfolio in the country and were worried that the staff did not have the requisite skills to manage this. The issue of cleaners handling invoicing and record keeping in the Department had come to the fore in a 2019 meeting with the Committee and was raised again at this meeting. The Department clarified that cleaners were not processing payments but the Committee was not satisfied with the response on the matter. Concern was raised about the protection of national key points, such as Parliament. Updates were requested on this as well as the insurance status of such properties. The Committee noted that over the years it had made various recommendations that there needed to be a dedicated contract management unit that was fully capacitated and sought clarity if this was in place. It also requested a report on the bid documents. An update on the State funerals fraud matter was requested. Concern was raised about the slow handling of the Beitbridge matter and the associated disciplinary cases. The Chairperson pointed out that there was an over-reliance on a paper-based system was fundamentally a risk to document management in this day and age. It created a conducive and enabling environment for corruption to take place. It allowed for documents to go missing, where there would be no accountability. There needed to be a core-front on the root causes on the dilemmas that the Department was in. There was too much defending and justification. The Minister informed the Committee that DPWI was owed R9.2 billion by at least 15 government departments. The Ministry was meeting regularly with the departments to resolve the disputed matters. There was currently R4.5 billion in dispute, together with the CFO and his team, that dispute was being resolved. Some of the disputes had been taken to the FOSAD forum setup by the DG and

Presidency. The DG made a presentation to the Forum about the debt owed to DPWI. With the City of Tshwane, where government departments were leasing from the private sector, the landlords were responsible to pay for services. The Chairperson requested the list of those that were indebted to the Department and how the matters would be resolved in those disputes, so that the matter could be raised when those departments were before the Committee.

Meeting report Opening Remarks The Chairperson made brief opening remarks. The meeting with the Department of Public Works and Infrastructure (DPWI) was on areas of the Property Management Trading Entity (PMTE). A hearing is being held on the financial outcomes, and qualified audit opinion of the entity. He welcomed those in attendance, including the Minister, Deputy Minister and Acting Director General (DG). Minister Patricia de Lille made brief remarks and introduced those in attendance from DPWI.

Hearing on the annual report and financial statements of PMTE for the financial year 2020/21, as well as irregular, fruitless and wasteful expenditure Questions Mr B Hadebe (ANC) stated that the Committee had received the two presentations. The one dealt with fruitless and wasteful expenditure and the other the annual report. It was concerning that Management was still unable to implement proper record keeping and controls in a timely manner. Why was this still the case and what were the measures that the Department had put in place to improve this. When the Department previously appeared before the Committee, the Committee was told that 'at some point the Department was using the cleaners to invoice and process record keeping.' Was this still the case? Judging from the audit outcome, management had failed in this.

Response by the Minister Minister de Lille stated that the Committee was correct. There was a historical problem of money being wasted on different audit firms and companies to solve the problem. It had not been implemented. The year before it was decided that the reason for the qualified audit in the PMTE and the findings every year, were the leases, especially the month-to-month leases which were classified as irregular expenditure. In March 2021, she turned to the property market and industry and put an advertisement in all the national Sunday newspapers calling on the industry to stop the irregular expenditure. At that stage there were about 540 month-to-month leases leading to audit findings. There were some responses from the property industry. Many of them experienced problems paying the renewal of a lease. She had stated that the Department would not charge them if they came forward. The DPWI would renew the lease to stop the month-to-month irregular expenditure. The DPWI was not 'altogether successful' with that. In October 2021, she issued ministerial directives, that as of the 31 December 2021 DPWI would no longer pay any month-to-month leases. This forced the landlords to come to the table. That was a long exercise that DPWI was still busy with. Part of the problem was

that there was no accounting mechanism in place in the various regional offices. DPWI was struggling to get some leases from the regional offices. DPWI had subsequently addressed this and it was explained in the presentation. She understood what Mr Hadebe was saying about the lack of accountability. The DPWI, through the office of the Acting DG, engaged with organisations like the Head of PMTE, South African Property Owners Association (SAPOA). 95% of property owners belonged to SAPOA; SAPOA had a code of ethics. SAPOA had been assisting DPWI. PMTE over the years had developed into a 'banking account in over-draft.' This had led to the R4.5 billion leases that were in dispute at the moment. The Archibus system was there, but it was never implemented, as it was easier 'to steal a file with leases in,' than to take something when it was digitised. Questions Mr Hadebe stated that the Minister managed the largest retail estate portfolio in the country. It was worrisome, if he understood correctly, that there were not the requisite skills to do that. Part of DPWI's core-business was real estate management services and facilities management. Was the current staff complement not equal to the task? The financial statements contained some material statements – about supporting documents not being fully recorded – particularly 'Archibus.' There were substantial differences between the lease documents and what was captured on the system. Why was it difficult to capture this information correctly when it was readily at their disposal? Responses by the Minister Minister de Lille stated that the main problem was that the Department was resisting Information Technology (IT) systems. The Department wanted to continue to work manually. Archibus was now being implemented. Archibus was a system acquired by the Department in 2012. As of 2021, only eight models of that system had been implemented; two of that had been activated. That showed the resistance to using IT in the Department. There were a lot of over-payments as well as under-payments. The Department had gotten to the bottom of what was causing the over-payments and who was pressing 'the button' to over-pay on a monthly basis. This was shown in the presentation. DPWI had to face numerous court challenges about the leases. The leases were the main cause of the qualified audit outcome – all energy had been put into this. Meetings were taking place on a weekly basis on it. An outside service provider had worked through thousands of leases for the Department. Some of the leases were still missing. The Department was tracing them. About 98 percent were traced. The Acting DG or Chief Financial Officer (CFO) could take over and explain the over-payments and under-payments. Questions Mr Hadebe sought clarity, if from 2012 to date, PMTE was unable to fully implement Archibus. The audit had been stagnant for the past four years. What would be done differently going forward? SCOPA wanted to see movement and establish if there was a willingness to change the status quo. The audit outcomes had been qualified

with material findings for the past couple of years, specifically on compliance. There was a deliberate attempt not to comply. Had measures been put in place to do things differently? Responses by the Minister Minister de Lille stated that a road map had been developed towards an unqualified audit the year before. This was developed together with the external audit committee. The roadmap had been shared with the AG, who was monitoring this very closely. She had discussed the people, who were causing the over-expenditure, with the AG. The only way it would be stopped would be to remove those who paid. The Acting DG was also looking into that. In the presentation, these solutions were outlined. The Deputy Minister and herself were on the leases issue on a weekly basis. It was discovered how it was established. PMTE was still not fully compliant with the prescripts of National Treasury. National Treasury established six conditions in 2012 for PMTE to exist as a property management trading entity. Out of the six conditions that National Treasury instituted, only two conditions were complied with. Work was being done to ensure that the other four conditions from 2012 were implemented and complied with, to ensure that the property management entity was fully functional. What made matters worse, was that 76% of DPWI's Budget was spent by PMTE. Work was being done to change that around. She would be presenting to the AG on the 4 March 2022 to show what had been done over the past year to 18 months to 'stop the rot' in the PMTE. It was clearly corruption. A lot of the leases over the years had been handed over to the Special Investigating Unit (SIU). The SIU had a proclamation since 2010/12, some leases were still being referred to the SIU to help recover some of the money for the Department. The AG had tackled the Department because too much money was spent on letting – R500 billion a year was spent on letting from private sector landlords. While only R60-R80 million was collected a year from DPWI's own properties. This was discussed with the Portfolio Committee on Public Works and Infrastructure; the new strategy would be implemented in the first quarter of the new financial year. The strategy was called 'refurbish, operate and transfer,' whereby the Department was going out with a proof of concept and a pilot. The pilot would first take place on five buildings in Pretoria, where the Department would partner with the private sector to refurbish and repurpose the buildings so that government departments could move into those buildings at a lesser square metre cost. As part of the contract and lease agreement was that the landlord would be responsible for maintenance and repairs. That was being done to reduce the number of offices rented offices and trying to use their own buildings and become more cost-effective. Response by DPWI Mr Imtiaz Fazel, Acting DG, DPWI, stated that he would respond to the issue about the audit outcome, the concerns raised by Mr Hadebe about the stabilisation programme and where the Department was heading with the audit outcome. Question of clarity Mr

Hadebe clarified that the question he had asked was about the failure to implement proper record-keeping and if cleaners were still being relied upon to do this. The second aspect was the failure to correctly capture the lease documents from the Archibus system, which had been there for ten years and had not been fully implemented. Response by DPWI Mr Fazel stated that the CFO would respond to the first question about the capacity being used to make payments. The Department had gone through many evolutions over the years – prior to Archibus there was an attempt to develop a system internally, called iE Works. iE Works was internally developed by in-house developers and external support. That system was ‘canned’ around 2014 in favour of external procurement – that was where Archibus and Sage came into the picture. He acknowledged the failure of the Department to implement the Enterprise Resource Planning (ERP) system with any level of capability. The slowness in implementing the Archibus system resulted from a lack of capability in the Department to manage the change from a manual system to an IT system. That had been the root cause of the failure to migrate. It spoke to the skills and capacity in the Organisation. The Deputy Director General (DDG) would provide more information about this. Question Mr Hadebe asked if Mr Imtiaz Fazel did not support the statement made by the Minister, that there had been resistance. Response by DPWI Mr Imtiaz Fazel stated that he had not found there to be resistance from anyone. Question Mr Hadebe asked why the Minister would have arrived at that conclusion if the Acting DG, was of a different view. Response by DPWI Mr Fazel stated that the Minister would share the reasons why she believed there was resistance. Question Mr Hadebe highlighted the lack of synergy between their responses. SCOPA would expect that both the Minister and Department would have been prepared to be before the Committee and that everyone would be in sync about what the challenges were. The first step was to acknowledge and identify the problem and then to put correct measures in place to solve that problem. If one diagnosed the wrong problem, one would arrive at the wrong solutions. He was concerned. Response by DPWI Mr Fazel asked to continue, he would then provide clarity about the inconsistency. The problem was a failure to migrate from a manual to a modern system of embracing Information and Communications Technology (ICT) in property and construction management – that was a limitation of the Department. A change management programme had been introduced. This programme was led by the Deputy Minister. The programme sought to respond to those challenges, specifically to change the organisational culture. The organisational culture had been poor. The responsiveness to embracing technology and change had been poor. During the last year, to year and a half, the Minister sought to introduce a business case for ICT. The ICT programme had essentially been paused for the past 18 months. The Minister had engaged National treasury

directly, together with staff from the ICT Unit. As a consequence, Management had in large part been a 'bystander' to the process. During his time as the Acting DG, there had been limited action. The discussion had largely been around the continued viability of Sage Archibus. There had been a view in the Department that Archibus was no longer the chosen system – that it appeared to be a ministerial directive that Sage Archibus should be discontinued. This had led to uncertainty at the policy level about what systems were being implemented. Question Mr Hadebe asked where the ministerial directive came from. Response by DPWI Mr Fazel stated that it came from Minister Patricia de Lille. She had often pronounced that Sage Archibus was dead. This created confusion and uncertainty in the Department. The Minister was engaging the Director of ICT directly with Treasury, outside of Management. These concerns had been communicated to the Minister, specifically the need to create certainty within the Department. The lack of certainty and directives, was causing a delay in implementation at a Management level. This was one of the reasons the Department continued to perpetuate the manual systems. He made a comment about the concerns of the audit outcome. In 2013 the Department received a disclaimer of opinion – there were five areas that led to the disclaimer, the irregular expenditure, the fruitless expenditure, the leases and the revenue and expenditure management. In 2021, the Department migrated out of that disclaimer into a qualified audit. The immovable assets, which was worth more than R100 billion, was the root cause of the audit qualification and disclaimer in previous years. The Department achieved an unqualified audit of immovable assets – being its largest item. The lease assets and approvals were the last remaining challenge. There was a project, with external support, to verify payments going back ten years in the leasing environment so as to correct and cure the lease audit qualification in the manner the Minister mentioned, where the Department sought to move to an unqualified audit for March 2022. Tremendous progress had been made over the past six to seven years to clean up the Department's act. Mr Clive Mtshisa, DDG of Corporate Services, DPWI, stated that he wanted to underscore one of the frustrations that may have encouraged the Minister to intervene. The Minister perceived a lack of progress by the Department when she arrived, around the implementation of the ICT system. The Minister sought the intervention with National Treasury to see if it could support the Department and be able to accelerate the implementation of the system. Where Management had provided the necessary leadership, passion and drive, it had resulted in completed modules. Where there had not been any major progress, that passion was not displayed. The Department had gone back to the drawing board to see how best to accelerate implementation. The Minister had insisted that proper terms of reference be established – as this was felt to be an area of weakness. That work was done with a complete and

comprehensive business case document that would begin to improve implementation going forward. The Department was at a stage where the procurement processes would be able to deliver a new intervention that would assist the Department to finish 90 percent of the system. Question Mr Hadebe stated that it seemed as if the question about cleaners was being avoided. Were cleaners still being relied upon to process record keeping? Response by DPWI Mr Mandla Sithole, CFO, DPWI, stated that he thought the issue of cleaners had been misunderstood. Cleaners were not processing payments and they had never processed payments. The Department's payments had improved through the intervention of the Minister... Remarks by the Chairperson The Chairperson interjected. He stated that the issue could not be overlooked with such ease, when it was a matter that was extensively discussed at the previous meeting. To state in one sentence, 'that it was never done.' The issue emerged from the Department in the previous meeting. He asked that a more substantive response be given as opposed to the 'dismissive one-liner.' Response by DPWI Mr Sithole explained that the issue of the cleaners was more about cleaners who were more qualified. The Department did not have cleaners processing payments. People that were processing payments were qualified and appointed to process payments. Question The Chairperson asked for clarity about the 'cleaners being qualified.' He suggested that the CFO should not pretend as if the previous meeting had not taken place. Mr Hadebe stated that there were qualified people, not employed for anything but cleaning. It was an abuse of those cleaners based on the fact that their qualifications were known. Those cleaners might be qualified but they were not employed for the functions that were assigned to them. Thus, the question was if those people were still being used to do something that was outside of their scope of work. Response by DPWI Mr Sithole stated that the Department was not using cleaners, there were full-time staff members that were processing payments. Question Mr Hadebe stated that for the sake of time he would move on. He asked when the roadmap was implemented. He noted the action plans mentioned. What was concerning was that the AG had noted the ineffectiveness of implementing all the Department's action plans – why was this the case – had specific officials been assigned to deal with certain items of the audit action plan? How did the Department monitor, review and evaluate the work done on the audit action plan? He stated that he would follow-up about the inconsistencies between the statements made by the Department and the Minister, on the resistance of the Department to move to a modern system. Response by DPWI Mr Sithole stated that the audit action plan was developed and had been subjected to review by the internal auditors as well as being presented to the Audit Committee. It was assigned to each DDG, and there were monitoring tools. There was a weekly audit steering committee, where

progress was assessed. There were weekly meetings with the Minister, Deputy Minister and Acting DG, where such progress was tracked. Progress was being made. It was correct about what was said by the AG on the previous action plans – the Department may not have achieved in all areas. As the Acting DG outlined, there were significant areas where the Department had achieved, such as the asset register. The main area that still needed to be dealt with was lease agreements. Question Mr Hadebe moved on to ask questions about expenditure management. There was a qualification about the irregular appointment of certain officials – it was not clear how many officials were appointed irregularly and what had been done so far. Were those officials part of their staff establishment? What positions were those officials occupying, who were the responsible officials for such appointments? Response by DPWI Mr Fazel stated that there were 12 irregular appointments of Senior Management Service (SMS) members. This was found from an investigation conducted by the Public Service Commission. The positions were director and chief director level positions. The investigation was concluded in early 2019. It pointed out that the appointments were irregular, given that the individuals concerned did not meet the requirements for the job from a qualifications and experience perspective. The Department approached the Labour Court to reverse the appointments. The Labour Court had been seized with this matter on the roll since late 2019. The Department was informed that the matter would appear on the roll in May 2022. There was finally a court date to hear the application, where the Department was seeking to reverse all the appointments that were made irregularly. A disciplinary process had been instituted within the Department against the individuals concerned – these were members of the panels that made the appointments. These hearings were at various stages of conclusion. 17 Panel members were charged. Two of them were no longer with the Department and the process was continuing. These were being administered on behalf of the Department by the Office of the State Attorney. He noted that the Department's Head of Legal Services was in attendance, if there were any further questions about that. Question Mr Hadebe asked why the process was taking so long. Response by DPWI Mr Fazel stated that the investigation was concluded in 2019. There were a number of processes that needed to be engaged before the Attorney was finally appointed. Question Ms N Tolashe (ANC) noted the comment that some people left the Department – but what was happening? She noted that fruitless and wasteful expenditure had occurred in the process of the wrong people being appointed. Was there any follow-up to recoup the money that was wasted? Where was that process? Response by DPWI Mr Fazel stated that the recovery and termination of continued losses would be subject to the court hearing. The application to the labour court was intended for that purpose - to enable the Department to reverse the appointments,

given the illegality and the non-procedural manner in which those appointments were made. Mr Christopher Makgoba, Head of Legal Services, DPWI, stated that the delays in the disciplinary hearings posed a challenge in the implementation of the report. Initially, this was raised by the suspended DG, who had given effect to the report. The suspended DG raised a number of issues that delayed the matter. An opinion was sought from the State Attorney to determine who had the authority to discipline, between the DG and the Minister. Until that matter was settled, the hearings were delayed. Further to that, the authority to preside over the disciplinary matters by the current Acting DG, was challenged. There were a number of arguments raised before the chairperson had made a ruling. The Minister was correct to allow the current Acting DG to preside as the suspended DG was conflicted – as he had approved some of those appointments. He would therefore not be able to act objectively. Those matters contributed to the delays experienced. Recently, there were a number of delays, as the employees were represented by the Pan Africanist Congress (PAC), the Public Servants Association of South Africa (PSA) and the National Education, Health and Allied Workers Union (NEHAWU). Some could not come to the hearing due to alleged co-morbidities. It was decided that they be separated. On the issue of the labour court appointments and the extensions involved, once the labour court decided on the matter, the expenditure would be categorised as ‘irregular’ rather than ‘fruitless.’ The employees were working and rendering services and they needed to be remunerated. Once the ruling was made – the terminations could be affected. Question Mr Hadebe, noted that on slide 6 of the presentation, there were a number of status’s that read ‘completed’ and would be referred to labour relations for disciplinary action by the end of February 2022. Why would these cases only be referred at the end of February 2022? Response by DPWI Mr Lesetja Toona, Chief Director of Internal Controls, DPWI, stated that such matters would be referred to labour relations by the end of the month as independent service providers were appointed to investigate the irregular expenditure as some of the transactions were old. The matter needed to be referred to labour relations for further action. The reason for the delay was due to not having staff – service providers had to be appointed to act independently to deal with the issues. That process had been concluded. Question Mr Hadebe asked when the process was concluded. Response by DPWI Mr ona stated that there were different stages, some were concluded in January 2022, some needed further work. Question Mr Hadebe asked for the specific dates relating to the cases in Cape Town, Kimberley and Polokwane. The Committee wanted to monitor the Department’s effectiveness in dealing with these cases. The cases dated back to prior years – and nothing had been done. The Chairperson stated that the responses given by the Department were becoming very clumsy – it was

becoming incoherent and unorganised. There needed to be some structure to this. Mr Hadebe agreed. He stated that because the Committee was pressed for time, it made it reluctant to press and follow-up on some of the clumsy responses. He was not impressed with the responses. Responses by the Minister Minister de Lille stated that 'sometimes when one tried to defend the indefensible it resulted in vagueness.' One of the things the Department struggled with was acknowledging its weaknesses. There were weaknesses in Human Resources (HR). The Department needed to inform the Committee what was done to deal with those weaknesses. The weaknesses in HR were not only the amount of time and the length of time to appoint and fill a funded post, a number of cases were stuck in the Department of Employment and Labour. The help of the Department of Public Service and Administration (DPSA) and its Minister was sought. The week before the Minister had agreed to send in a team from DPSA to do an assessment on all the outstanding appointments and vacancies. Even at a senior management level, when one took a cabinet memorandum – it was always turned back. Another professional team was dealing with an assessment of all the cases that stuck for years in the Labour Relations Department. That was the intervention made by the Executive Authority. She stated that the AG had said that the Archibus system was developed to address key controls to prevent over-payment of leases. Amongst its functionalities and controls built-in, the implementation of Archibus had some challenges, like any other system in terms of resistance from staff and other managers. It was a process that required change management holistically. That was where she was quoting the 'resistance' from. In September 2021, she decided to make an intervention by calling the Judge of the Labour Court, to find out why, two years later, there was still no date provided. It was discovered that the files were stolen, and the process had to be started afresh. The Judge President gave the Department a date in May 2022 for those cases to be heard. As a Department, the weaknesses needed to be acknowledged. The Minister and Deputy Minister relied on the input from portfolio committees, especially SCOPA. There was resistance about the change management process. The Department needed to be honest. Question Mr Hadebe stated that clearly the Department was insisting that it was suffering from a headache, when in fact it was suffering from flu, and refused to take the medication for flu. What was seen as the problem by the Department, was not what was seen in the AG's Report – that was quite concerning. That needed to be taken into account. There were incorrect procurement processes followed resulting in irregular expenditure. Were the contractors still part of the system? Who had misrepresented their bids to the Bids Committee? There was fruitless and wasteful expenditure that dated back to previous years. There were billions of Rands of fruitless and wasteful expenditure. The AG raised concern that there had not been any movement in

making sure that the money that was used as fruitless and wasteful expenditure would be recovered. Slide 9 of the presentation stated that all matters had been assessed. If matters had been assessed, why had money not been recovered? Response by DPWI Mr Toona responded to the question about incorrect procurement processes. The bid related to the findings that were raised during the audit, the Department had been unable to finalise it with the AG by the time the audit was concluded. Treasury put a sub-disclosure note – the amount did not reflect the amount disclosed in the irregular expenditure – there needed to be a sub-note about transactions that still needed to be assessed. A transaction would be identified either by Management or the AG – Management would then need to confirm that it met the definition of ‘irregular expenditure.’ Once that was assessed – the next stage was determination. Determination was to determine that there were no instances of financial loss. If it was an issue of non-compliance, it would be disclosed as irregular expenditure. If there were financial losses – there was a different process but it would still be recognised as irregular expenditure. The incorrect procurement processes were also part of the assessment. Some of them were already identified as meeting the criteria of ‘irregular expenditure.’ That was in the current financial year. There were some that were found not to meet the definition of ‘irregular expenditure’ – those would be discussed and given to the AG during the interim audit. It was a process of determination by Management – on which the disclosure note was then updated. Question Mr Hadebe stated that he had asked about the fruitless and wasteful expenditure which amounted to R132 million – all matters had been assessed. The AG stated that there had been no movement in recovering the money, including the interest on over-due accounts, payment of lost income suffered by the landlord, overpayment on leases. Why was this the case? Who were the officials involved? The Chairperson asked a question on behalf of Ms V Mente (EFF). He asked what was meant by the statement that it was the AG that would explain the irregular expenditure? Response by DPWI Mr Fazel responded to the question about the R132 million. This amount was under-consideration by the AG and the Department – it was under deliberation. The largest amount was the... Question Mr Hadebe apologised for interrupting. He referred to slide 9 of the presentation, which stated that ‘matters had been assessed.’ There were instances where matters were not defined as ‘fruitless and wasteful expenditure.’ He was concerned about matters that had been assessed and confirmed as fruitless and wasteful expenditure. What of the R132 million was confirmed as fruitless and wasteful expenditure? What action had been taken on these? He was not interested in the matters that were in dispute. Response by DPWI Mr Fazel stated that R118 of the R132 million was being disputed with the AG. That amount did not meet the definition of ‘fruitless expenditure’ – as it was recoverable from the landlords.

Mr Toona stated that R194 000 had been confirmed as fruitless expenditure. Question Mr Hadebe asked if the rest was being disputed. Response by DPWI Mr Toona stated that part of the rest was being disputed and some of it did not meet the definition of 'fruitless expenditure.' Question Mr Hadebe asked that actual figures be given, instead of 'some.' He asked that it all be quantified. Response by DPWI Mr Toona stated that the amount, where the Department paid due to a 'loss of income' suffered by the landlord, was recoverable because it was an instance where the lease had come to an end and the client department continued to occupy the building. This amount was claimed from the client department – it was not irregular expenditure in the books of the Department. That Department continued to occupy the building after notice to vacate it. The landlord had to cancel the new lease he had signed with other tenants. There was an amount of interest being paid, which was currently under business rescue. It was interest being paid on an overdue account. This was not fruitless as it went to Court and there was an interim court order. The interim court order was that the Department had to pay what was indicated in the court order, including interest. The Court went further – the business rescue practitioner of the service provider had to issue the Department with a bank guarantee equivalent to the amount paid because the merits and demerits of the matter had not been looked at. That was R6.7 million. There was also an amount of R1.8 million that was paid to Sonoma Construction as part of a supplement on the arbitration. A number of contracts were eventually terminated with the service providers, the matter went to arbitration as the Department was claiming from the service provider, while the service provider was claiming from the Department. It went to an arbitration, there was a settlement agreement of R1.9 million that was paid – which was later regarded as fruitless and wasteful expenditure. When one looked at the definition of 'fruitless expenditure' – it was found that it did not align with the definition. There was an amount of R118 million that related to over-payments. This was not a payment in the current year – these were the over-payments that were made to the landlords that the Department was in the process of recovering. It was removed from expenditure and put in the balance sheet under 'receivables' – debt recovery was being followed. Due to the accounting policy on receivables – the debt needed to be reflected every year. Once assessed, it was found that many of the transactions needed to be impaired – not written off. This amount was still being recovered from the landlords. Question Mr Hadebe stated that the responses were not satisfactory. The Chairperson stated that this was simply a lot of semantics – the nub of the matter was not receiving enough attention. For example, the interim court order – until that matter was finalised the AG could not be 'toing and froing' between the Department's definitions and court actions on matters that were not final. The matters needed to be brought to a logical conclusion so that the definition

could be applied correctly. The Department seemed to want changes made on an outcome that was not yet known. There could not be negotiated audit outcomes. The AG was being placed in a very difficult position – these were ultimately the Department’s problems. Mr Hadebe highlighted that R118 million had not been recovered. It ought to have been recovered. The Chairperson stated that it was a debate about semantics and he tended to agree with the AG on this one. Mr Hadebe agreed with the Minister, there was denialism and resistance. Remarks by the Minister de Lille provided an update about the monitoring report done by herself and the Deputy Minister. As of the end of January 2022, the regions had been pushed to perform. Some of the regions were 70 percent of the way in cleaning their data and updating their leases. Two regions, being Cape Town and KwaZulu Natal (KZN) had updated all their leases. The month-to-month leases had been reduced from 538 to 350. The brokers as well as the internal audit was still undesirably slow. Over the past four months, the Archibus system had been updated. It had been a slow process with a slow uptake. There was no appetite for it. It had been requested that every official needed to be retrained on Archibus and on data capturing. That training had not taken place yet. The main challenge was to recover the over-payment. Officials were supposed to write to the clients and landlords and demand that rental over-payments be repaid in seven days – that was very slow. There was a weekly meeting with the Acting DG and CFO as well as a weekly meeting with real estate management. The Executive would update SCOPA from regularly on dealing with the irregular and wasteful expenditure. She had told the Department to be prepared to provide names of officials as well as their departments to SCOPA. She suggested that the Department needed to improve on its presentations to SCOPA. The Department needed to share some work it had done chronologically. The service provider was appointed to address the data integrity and to look at over-payments. She had checked with the CFO; the appointed company had done very well and it had gone through 98 percent of the leases. There were a few outstanding leases in Limpopo - she had made an intervention there directly. There were a few leases outstanding in Mthatha. The company had assisted a lot. The CFO had been engaging with the landlords face-to-face on many of the over-payments. This would continue to take place. More needed to be done to convince the AG that the road map from a qualified audit to unqualified audit was on track; she and the Deputy Minister were monitoring that. Question Ms B van Minnen (DA) stated that what worried her about the Department was that at SCOPA meetings it seemed that everyone in the Department was pointing fingers at everybody else. She was concerned about the coherent management of the Department. It appeared to be a ‘blame game.’ Consequence management seemed to have slowed considerably. The AG reported that there was no sufficient audit

evidence that investigations were conducted in all allegations of financial misconduct committed by officials, as required by Treasury regulations. Disciplinary hearings were not held for all confirmed cases of financial misconduct by officials, as required by Treasury regulations. There was no evidence that confirmed cases of improper conduct in supply chain management constituted a crime reported to SAPS, as required by Treasury regulations. Was there coherent oversight of the entire system within the Department, where consequence management was concerned? Who was responsible? Was the entire process monitored from beginning to end? Did PMTE refer any cases to the relevant authorities, such as SAPS and other law enforcement agencies? In the Department's submission to the Committee in February 2022, there was no indication of which cases were submitted to SAPS. Response by DPWI Mr Sithole stated that not all instances of irregular expenditure, fruitless expenditure or non-compliance, were referred to the appropriate authority. The historical context played a part in that – as it was dealt with in phases. Phase two would start in April 2022. There was R552 million in the main in leases that was the subject of investigations by the SIU – the investigations were at various stages. As and when the Department received the report from the SIU, disciplinary actions would be affected. The SIU had signed the acknowledgment of debt with some of the landlords when it came to over-payments. That money was then recovered and was paid over to the Revenue Fund. If the Department had to recover that amount or claim it, it needed to be claimed through National Treasury. Many of the matters had been referred to the SIU. Mr Fazel stated that those were the referrals to SAPS, separate referrals had taken place to the SIU, in terms of internal investigations that emanated from their own anti-corruption unit. Five proclamations had been undertaken with the SIU over the years. The SIU at one stage investigated all the leases from 2014 onward. 2162 Leases were investigated. From a civil perspective, more than R2 billion was subject to recovery and was before the courts. The total was R1.4 billion. 18 Matters were referred to the National Prosecuting Authority (NPA) for prosecution. 17 Matters were referred to SARS, while six were referred to SAPS for further investigation. Five were currently before the courts. A number of internal investigations were conducted, 475 over the past seven years, some of them were referred by the compliance unit, others were reported as allegations of fraud and corruption. 34 Cases were referred to SAPS for criminal investigation resulting from internal investigations into fraud and corruption. None of these had resulted in a conviction. The Department had identified this as one of its key problems – that referrals to SAPS did not necessarily result convictions. Very few of the cases came before court. Question Ms van Minnen stated that one needed to bear in mind that the SIU was not SAPS; the SIU was a civil investigatory process – one should not confuse the two. It

was said that not all irregular expenditure had been referred and then the historical context was referred to – what was the historical context? Why had matters not been referred? How many were still outstanding and needed to be referred? She was speaking about both SAPS and SIU. SIU was re-claiming money, while SAPS dealt with criminal convictions. Response by DPWI Mr Sithole stated that the historical context he was referring to was that which took place before 2013. Before 2013 the PMTE had qualifications and a disclaimer; one of the items was primarily irregular and fruitless expenditure. At that time, those transactions from 2009 and 2010 were revisited – as requested by the AG. That was done until 2013/14 – that was when an amount was disclosed of R34 million. The next phase was investigating that. There were instances where the progress was slow – the main determining factor was that there was not the permanent capacity to deal with such transactions. Interim capacity was required from staff and service providers up until the current amount. This was the historical context. It was a multi-year amount. Question Ms van Minnen requested that the Committee receive regular updates in writing about consequence management. It was of great concern. PMTE was the biggest landlord in the country – and one needed to keep an eye on this. Some of the bid documents from procurement and commodities was designed for local content, production did not stipulate the minimum threshold for procurement content, as required. Some of the commodities designed for local production were procured from suppliers who did not submit a declaration on local product and content, as required by National Treasury instructions. Some of the commodities designed for local content and production were procured from suppliers who did not meet the prescribed minimum threshold for local content and production, as required by Treasury. Contract management had always been a challenge. Over the years, the Committee had made various recommendations, that there needed to be a dedicated contract management unit that was fully capacitated. Did DPWI and PMTE have a fully capacitated contract management unit? How long had it been in existence? What was its mandate and could the Committee receive a report from them on the bid documents? Was the unit provided with adequate training on procurement regulations and legislation on a regular basis? This was something the Committee had seen come up with the Beitbridge matter. Response by DPWI Mr Henry Isaacs, DDG of Product Management, DPWI, stated that the Department did not have a dedicated contract management unit, however the process to establish one had started. The structure of the unit had been designed as well as the design of the policy for the contract management system. The Department was in the process of sourcing someone to head the unit to help with the finalization of implementation. The intention was that the unit would be in place from 1 April 2022 and would be functional with the support of Infrastructure South Africa.

He responded to the issue of training the bid committee members – training was provided on an annual basis to members of the various committees. The Department was looking at the quality of the training provided with the view to getting an assessment by Treasury to ensure that the quality of the training provided by the different service providers met their standards so that it was effective. The issues of the local content, in some cases was found to be misunderstood by the committee on the compliance of specific commodities – those issues were addressed. The training was provided by the Department of Trade, Industry and Competition to all the regions and head office officials that dealt with those particular issues – this ensured consistency in application. Some of the issues were of declarations not being made. Sometimes the declaration form was not sufficiently completed. Question Ms van Minnen asked if the Committee could get an update on the contract management unit. This was something the Committee should not lose sight of going forward. There were material irregularities. To date there were seven material irregularities that were issued resulting in a cumulative loss of R43.3 million. Some of these issues had already been discussed in SCOPA hearings. She requested an update on the issue of State funerals fraud matter and then she would move on to the issue of the Beitbridge fence. Response by DPWI Mr Makgoba explained that the disciplinary hearing for the Beitbridge border post project investigation report were taking place from 14 February to 25 February 2022. The State would be hearing the last witness that day. The employer parties would open their cases the following day. There was a chance that the employee cases would be extended beyond 25 February 2022. The charges had been finalised against the two senior managers in the State funerals matter. Given the fact that there was another investigation report, which was provided by the AG, which had similar findings against the same officials and companies – it was decided that those charges be included and be managed by the same legal team who were dealing with the funerals. The charges had been finalised. The PAC disciplinary hearings, as initially reported, were proceeding well – they were categorised into two groups, the first group's hearings were scheduled that week. There were unfortunately a number of dependencies – being the critical witnesses – who were not available for the greater part of the week. The hearings had therefore been postponed till March 2022. The investigators of PAC were the critical witnesses. Most of the issues had been ironed out by the rulings of the chairperson on the second part. Question Ms van Minnen asked that the Beitbridge matter be addressed further – it had been a very slow process. She was glad to hear it was going ahead. What was happening with the disciplinary processes of the two officials that were not being dealt with by the Department. Response by DPWI Mr Makgoba stated that the senior managers had issued a court application to review the report. The chairperson of the hearings, agreed with the employee

party, when applications were made for indefinite postponement of the hearing. Since then, the Department had decided to review the decision of the chairperson in the Labour Court. The application had been served on the employee party. It was filed. The Department was waiting on the employee party to indicate if they were opposing or not. Since it had been served on 2 February 2022 – there had been no notification to oppose. The decision of the chairperson needed to be reviewed by indicating that the pending application in the High Court was sufficient enough to grant the employees an opportunity to address the matter. Mr Fazel stated that the Department had received communication from the Engineering Council of South Africa (ECSA) regarding the Beitbridge matter. There was a referral to ECSA to investigate their misconduct on the part of the directors of the two companies implicated in the Beitbridge report. That had been concluded. A meeting with the Department had been requested, which the Department hoped to have in the following couple of days. Due to frustrations with the long drawn-out disciplinary processes, the Department engaged the Office of the State Attorney and invited the Office to join the Department in its next meeting before the Committee, when progress on the Beitbridge investigation was presented. The State Attorney had agreed to accompany the Department, to explain the causes of some of the delays in all of their processes. Response by the Minister Minister de Lille stated that the matter of the DG was being handled by the Presidency. The year before the Presidency added the Beitbridge charges to his existing charge sheet. She knew that SCOPA had called the Presidency to address an issue concerning the Advisor to the Minister. When the other ten or 11 applicants went to the court for the review of the whole report – she was advised that that review outcome needed to be waited on. She then sought outside legal advice – which advised that she could proceed even though there was a review application. In December of 2021, the charges were finalised by the State Attorney as well as the initiator and chairperson that the State Attorney appointed. The dates of the hearings were being finalised for the disciplinary procedures. That was the progress on the other two officials. Question The Chairperson stated that the virtual meetings were not helpful. Mr A Lees (DA) stated that when the Committee was briefed by the AG, it was confirmed that the AG had, some time before, alerted the Department and its officials to its concern about the lack of proper work being done to ensure that the properties were safely looked after. If one looked at page 14 of the AG's report, there was a comment about there being only 16 percent of the Budget spent on maintenance. The Committee had heard about how big the property portfolio of the Department was. The point the AG made about the limited amount of money spent on maintenance was pertinent. This led to the point about the recent disaster of the fire in Parliament. He was sure there was a lot of background work being done to

establish the reasons for the fire. If it transpired that the Department or the entity failed in their duties to protect that property – would Minister Patricia de Lille resign as the Minister? Response by the Minister Minister de Lille stated that her recent engagement with the Department about maintenance and facility management was a projection of over R224 million overspend. She had instructed that this should not be the case – an overspend was also irregular. On the report of the fire, the investigation was ongoing. DPWI got a team to do the initial visual assessments – it was confirmed that there was some structural damage. Subsequently on 11 February 2022, a specialist independent team was appointed. The team was currently on-site. The programme of action would be laid out and the testing of materials would be done. A report would be finalised on the extent, cause and cost of the damage. It would also indicate an estimate of how long it would take to repair. It was out of order for the Member to ask a question of ‘ifs and buts.’ She asked all Members, and South Africans, to be patient. One saw allegations being tested in an open court of law where the charges were arson. DPWI was instructed by the Hawks to hand over all evidence, which included footage taken with drones after the fire. This information was subject to a court case – the Department was not allowed to comment on that. Question Mr Lees stated that it was ‘quite arrogant’ for the Minister to refer to questions as being ‘superfluous.’ It was a very simple question, if at the end of all the investigations there was a direct causal link between the failure of her department and the fire in parliament, would she resign? The Minister clearly did not want to answer that question. The answer was presumably that she would not resign, however the innuendos were completely uncalled for. The Chairperson suggested that the questions be responded to, if there was a fundamental disagreement, rather press that. He asked that questions not be tagged or labelled. It was a question anchored in consequence management and accountability. Mr Somyo stated that the DPWI had become a repository of a huge property portfolio – which came with a risk. Was the Department and its own entity able to provide the Committee with some information on the standard to secure such property? Was that ‘secure’ reference covered in the insurance, which would guarantee that in whatever form such a property portfolio was well-protected against any disastrous effect? The failure of the Department to corner critical prescript which would take the country forward in terms of ensuring that the procurement of local products was adhered to would impact the ability of the country. To get closer to realising fully-fledged industrial activity –that failure was very serious. Was it possible for the Department to provide the Committee with information as to how it had met or failed to meet a required standard? At times Management would have resorted to asking Treasury to waiver certain aspects, which were critical for a project. That impacted heavily on the negativity on meeting one of the critical

requirements of its own economy following what the President outlined in revitalising the economy and the contribution of government. Response by the Minister Minister de Lille stated that she wanted to make one general comment in connection with the security of critical infrastructure national key points. It would be helpful for the Critical Infrastructure Protection Act to be operationalised. It contained structures that needed to be put together. The Act prescribed that the Department needed to report to Parliament every six months. The Act would go a long way in dealing with the security of national key points and critical infrastructure. Response by the Department Mr Fazel noted the question about the insurance of State-owned buildings. The Department had been confronted with the same question recently. The Department was directed by National Treasury regulations in this regard. The State would bear its own losses in the event of a disaster. The regulations did allow insurance on moveable assets – it was limited to R5 million per annum per vote. With the immovable assets, National Treasury regulations dictated that DPWI self-insured. When DPWI had particular challenges, such as with the fire at Parliament, it had been in conversations with National Treasury as well as Parliament about budgetary needs in the short to medium-term. The damages and the way-forward were still being looked into – as outlined by the Minister. There was a new policy in the pipeline that would be released after consultation. The Minister had made a number of interventions to affect a new programme in EPWP that utilised the incentive of grants differently and sought to pay the minimum wage. The Department was seeking to use EPWP in a more constructive and productive manner and to reform the programme. The Department could not afford to under-spend the budget in construction project management – there could not be a perpetual under-spend of construction budgets. There were construction contractors in abeyance and uncertainty. It created a situation where opportunity costs were huge – jobs that could or might have been created were lost. The economic activity that emanated from that spending was lost. The construction programme was quite significant to overall economic activity. Question Mr Somyo suggested that the Department go ahead in explaining its proposed programmes in line with what was outlined in the State of the Nation Address (SONA). The audit report had highlighted some areas of failure. He highlighted the responsibility of holding such infrastructure. A loss took away from what should have contributed to the success of the country. The Chairperson stated that in so far as the Parliamentary fire was concerned – it exposed everyone to the operations and management of property by the Department. What did the Department and Ministry take responsibility for? He got the sense that the Ministry and Department absolved itself of responsibility. He acknowledged that there was a case in court, there was a hearing and matters had been taken to the Hawks. What was the Department taking responsibility for? That was an

integral part of this. What lessons came out of this for the Department and the Ministry on this matter – particularly the management of national key points, as well inter-departmental interactions that needed to take place as far as overall security was concerned? He was not convinced that the Department got out of this scot-free. There had to be an acknowledgment of its own shortcomings – in order for the necessary corrective action to be instituted. There needed to be a means of ensuring that this did not happen again. His late mother, who was a nurse, used to say that ‘prevention was better than cure.’ There had to be lessons about preventative actions that needed to be applied to infrastructure security. The City of Tshwane cut-off electricity and other services to facilities – what steps had the Department taken on rogue government departments that were not servicing their debt? It was important that it was dealt with moving forward. He hoped that at some point there could be a discussion about the empty government buildings that were all over the Country as the lees bill was shooting through the roof. Response by the Minister Minister de Lille stated that there was no attempt to dodge responsibility or accountability. Accountability and responsibility would be determined by an investigation which was ongoing. If the outcome of that investigation pointed fingers toward the Department, then responsibility would be taken. The point she had made earlier in response to Mr Lees, was that the Ministry was waiting for the completion of that investigation. The reason an external independent service provider was appointed was because the Department did not want to be seen as if it was investigating itself. She responded to the questions about the City of Tshwane. DPWI was owed R9.2 billion by at least 15 government departments. The Ministry was meeting regularly with the departments to resolve the disputed matters. There was currently R4.5 billion in dispute, together with the CFO and his team, that dispute was being resolved. Some of the disputes had been taken to the FOSAD forum setup by the DG and Presidency. The DG made a presentation to the Forum about the debt owed to DPWI. With the City of Tshwane, where government departments were leasing from the private sector, the landlords were responsible to pay for services. The Department had paid Eskom R417 million since April 2001, payments had been made to the City of Tshwane, R82 million was outstanding. The Department made an effort to pay where there were verified invoices. The Department had also paid, over and above the service charges, R1.5 billion and R2.3 billion in property rates directly to municipalities in the current financial year. DPWI tracked payments. A system was started in the Department to ensure that payments were made within the 30-day timeframe. The CFO met on a weekly basis with all regional offices to look at outstanding invoices. The CFO would then send a report to the Deputy Minister. There was a full-time team working on 30-day payments. That was why DPWI was able to engage with the City of Tshwane on a few outstanding

matters. She noted that there were empty buildings across the Country. For the first time, the Department had not received an audit finding on the immovable asset register from the AG with the help of National Treasury. The Department was going out on a request for information to digitise the immovable asset register and clean it up. One of the strategies was to use the empty buildings to refurbish, repurpose, operate and transfer in a partnership with the private sector. This would be finalised in the first half of the year. The Department was already busy packaging 200 of those empty unused buildings to put out into the market in the second quarter of the next financial year. A lot of money was spent on employing security companies to guard the empty buildings. That was a huge cost to the Department. The Department was confident that this one strategy would allow the Department to deal with those empty buildings. She received regular information from Members of Parliament (MPs) during their constituency work about the buildings. This was helpful to guide the Department on where there were buildings that were dilapidated and at risk etc. It was all a work in-progress. Question The Chairperson requested the list of those that were indebted to the Department and how the matters would be resolved in those disputes, so that the matter could be raised when those departments were before the Committee.

Response by the Minister Minister Patricia de Lille stated that this could be provided. Minister Patricia de Lille was excused from the meeting. Response by DPWI Ms Carmen-Joy Abrahams, Chief Director of the Expanded Public Works Programme (EPWP), Partnership Support, DPWI, stated that the Department was looking at putting forward an EPWP policy. EPWP had been around since 2004 – every five years EPWP had gone through to Cabinet to get an endorsement for the following five years. The policy would put forward a direction. The policy would align to the National Development Plan (NDP), on matters of employment and social protection. It would be aligned with the national minimum wage. A key part of the revision of the EPWP would be to look at the objective driven programmes, this would align aspects of the socio-economic perspective and the provision of income to the poor as well as work opportunities. Some of the work had started, specifically looking at how to mine some historical EPWP information. There was a rich programme, more than 350 public bodies participated in the EPWP. There were a number of programmes, at a schooling level for example, that could be advanced and scaled-up further. The policy process was currently at the Socio-Economic Impact Assessment System (SEIAS) stage. It would be taking the policy through with the aim of trying to finalise it during this financial year. Mr Nkosana Kubeka, Acting DDG responsible for programme management, DPWI, stated that the Departments contribution to the economic recovery involved implementing a programme of repairs and maintenance, as part of the small harbour development. This programme was taking place in the 13

proclaimed fishing harbours in the Western Cape. The project was 97 percent complete. The Department had created 894 job opportunities and contributed to the local SMMEs to the value of R114 million, within the proclaimed fishing harbours. That was the first phase of the programme. Phase two looked into the new fishing harbours in the Eastern Cape and KZN, as well as the two northern areas that had been identified; this would form part of the new Eastern Cape development that the President had recently launched. The Department was working with the contribution from the Chinese government to finalise the feasibility studies in these areas to then be able to define the actual areas where the fishing harbours would need to be constructed. The Department would be escalating and harnessing the rural bridges programme in partnership with the national defence force. It would be upscaled to 95 bridges per year. The six provinces had already indicated where these would be constructed. The Department was working with National Treasury on the implementation of a new programme, which was the Integrated Renewable Energy and Resource Efficiency programme. Question Mr Somyo stated that his question had related to the AG's finding. There could be all kinds of programmes - his area of interest was how it would be sustained and maintained through local content – which was not observed sufficiently by the Department. The response could be provided during the meeting or via a written response. Response by DPWI Mr Fazel stated that the response about the projects would be provided in writing. Remark The Chairperson stated that anything that would be provided in writing needed to be submitted by the following Wednesday close of business. Response by DPWI Ms Nyeleti Makhubele, DDG of Facilities Management, DPWI, stated that the Minister had spoken about the imbalance of the Department paying too much money in leasing and not doing enough to let the Department's properties out to increase revenue. The Department would let out its properties, whether agricultural or residential. The Department expected proposals from business about what could be done in those properties to draw revenue from them. Part of the Department's evaluation strategy of the proposals was to look at what business would do for the communities where the properties were located, in terms of youth and women empowerment. That would be used to evaluate the proposals. The advertisement would go out before the beginning of the new financial year. The programme would start in the new financial year. Clearance was given to start with approximately 400 properties. Progress reports would be provided, as and when proposals were received from business. Mr Fazel asked for an opportunity to share with the Committee the ten principles that had been introduced to respond to some of the challenges. The proposal was shared with the Minister, it responded to some of the chronic under-performance issues in the Department, including the lack of internal controls and systems. It responded to the foundational issues in the

Department. The first was a change management programme, it was recognition that there was an organisational culture challenge. The Deputy Minister was appointed to lead the change management programme – this would develop a greater level of responsiveness to service delivery issues. There was a business focus management programme that sought to introduce infrastructure delivery management systems, which was essentially a methodology to deliver infrastructure, it incorporated the end-to-end operating procedures to prescribe how things needed to be done in the Department. There was an Enterprise Resource Planning (ERP) fast track programme. There was a macro delivery model that required that the Department looked at its 11 regions to create a more lean and robust organisation, to respond to policy issues and what kind of organisational form the PMTE would form in future. That clarity translated to the delivery model and created a lean organisation. Then there was ethics; ethics, compliance and consequence management units would respond to some of the Department's ethical and consequence management issues. There was contract management and monitoring. An organisational wide skills assessment was being introduced and the Department had recently finished this at the senior management level to determine the skills mix to respond to the mandate of the Department. This was being extended to the rest of the organisation. The Department had engaged with the National School of Government to train in risk management, planning and performance management to deal with the soft skills throughout management. There was then the clean-audit programme – the Minister had previously mentioned the migration programme toward a clean audit. The leases were being dealt with as a high-risk area. The clean-audit area was the final area on which the Department was focusing its attention. This would deal with the governance and administration of the Department. Remarks The Chairperson thanked the Minister, Deputy Minister and Acting DG. He was concerned about the incoherence in the responses. The Committee would probably need to do more follow-up meetings with the Department. He noted that a lot of the time was taken up with the Beitbridge matter as well as consequence management around the funerals. The Committee may not have given adequate attention to the other day-to-day issues of the Department. The Department could submit responses in writing by the following Wednesday, as previously stated. He did not think the Acting DGs statements about the system were contrary to what the Minister had said – otherwise the system would have already been implemented. The fact that there was an over-reliance on a paper-based system was fundamentally a risk to document management in this day and age. It created a conducive and enabling environment for corruption to take place. It allowed for documents to go missing, where there would be no accountability. There needed to be a core-front on the root causes on the dilemmas that the Department was in. There

was too much defending and justification. Ms van Minnen was right – ‘finger pointing’ was the order of the day. The Department had been like this for the longest of time, because of that ‘wrong mentality.’ It was unprofessional. He hoped the ten-point plan would yield results alongside the audit action plans. Audit outcomes were not a negotiation. Remarks by the Deputy Minister Deputy Minister Ms Noxolo Kiviet made brief closing remarks in the absence of the Minister who had left early. She appreciated the leadership of the Chairperson – his last comments would help the Department – it was useful for the Department to hear those comments from someone other than the Executive. It provided objectivity. There needed to first be acknowledgement of wrong-doing to be able to find the correct solutions and implement it for a better way forward. She thanked SCOPA for the insistence on good governance as well as the fact that one should not ‘manage’ audit outcomes. She would ensure that the additional responses would be provided in-writing timeously. Everything would be done to ensure a clean audit. Closing remarks The Chairperson made brief closing remarks. He stated that this was a work in progress, he thanked Mr Hadebe and Ms van Minnen for largely carrying the hearing. The meeting was adjourned.... [View the entire article here](#)