

A/G slams continually deteriorating audit outcomes in province

Expressing his concerns during his provincial roadshow and after meeting the provincial government leadership, Makwetu told MPLs that the audit outcomes in the North West provincial government had continued to deteriorate in the last four (4) years.

“The number of auditees obtaining financially unqualified opinions in the Public Finance Management Act auditees are decreasing from 10 (55%) in 2014-15 to seven (37%) in 2017-18. In the current administration, only the Department of Finance, Economy and Enterprise Development was able to sustain its clean audit outcome of financially unqualified with no findings over the past four years, although none of their best practices were replicated to other auditees. The outcomes of the public entities remained poor over the four years, with seven entities (78%) either having qualified or disclaimed opinions. Only two entities (22%) improved from qualified opinions to financially unqualified opinions in 2017-18,” said Makwetu. The AG was particularly concerned that the provincial leadership did not prioritise addressing undesirable audit outcomes despite the Office of the Auditor General continuously reinforcing its messages of overall lack of accountability and consequences in the province. “The provincial executive leadership did not adhere to their commitments made in previous years and consequently failed to have any positive impact on the audit outcomes. The establishment of a provincial advisory committee by the former Premier to specifically assist with the clearing of irregular expenditure, was not effective; while the Office of the Premier did not adequately monitor the post-audit action plans of departments,” said Makwetu.

He also said in the 2017/18 financial year, the

Provincial Departments and Entities incurred R3,1 billion of irregular expenditure. “At 10 auditees (53%), the irregular expenditure of previous years was either not investigated at all or not properly investigated. In total, irregular expenditure of only R30 million was resolved during the year, bringing the total unresolved balance of irregular expenditure to R12,4 billion as at 31 March 2018,” said Makwetu.

On Municipal Finance Management Act audit outcomes for 2017/18, irregular expenditure has increased from R4,3 billion (2016/17) to R5,7 billion due to non-compliance with supply chain management and disregard of compliance with legislation as well as poor record management and weak Information and Technology systems. “Material non-compliance with legislation on implementing consequence remained unchanged at 95 percent of municipalities in the province. Biggest contributors include Rustenburg, City of Matlosana, JB Marks and Madibeng Local and Ngaka Modiri Molema District Municipalities, who did not investigate all instances where irregular expenditure was incurred including in the previous financial years,” said Makwetu.

On municipalities that invested on the VBS Mutual Bank, he said a total of R556,2 million was invested and some money was withdrawn and a total investment on year end was R316,6 million and the investments are considered irrecoverable. “An estimated 42% of the funds were from grant funding and financial losses suffered gave rise to underspending on key projects for Municipal Infrastructure Grants at Dr Ruth Segomotsi Mompati District; Moretele Local Municipality and they have affected service delivery,” said Makwetu.

On the proposed Public Audit Amended Act

which will be implemented from 1 April 2019 pending signing-off by the President of the Republic of South Africa, Cyril Ramaphosa, Makwetu said among others, the Act will enable his office to refer material financial irregularities to relevant statutory bodies such as the police(SAPS) including the Hawks for further investigations to recover monies lost. “If the material irregularity is not appropriately and timeously addressed by the accounting office or authority in response to being notified thereof – our mandate now allows for three possible courses of action, namely, (1) refer to a public body for investigation; (2) perform on investigation and (3) include recommendations to address material irregularity (as per legislation) in the audit report and a time period for implementation,” said Makwetu.

Premier Job Mokgoro acknowledged that the Provincial and Local Government’s audit outcomes have deteriorated in the last four years and requires urgent and drastic action on the part of political and administrative leadership. “This has been strengthened by provincial leadership to embrace administration imposed by Cabinet under Section 100 of the Constitution. The integration between the provincial state machinery and Inter-Ministerial task team led by Minister Nkosazana Dlamini-Zuma has been highly beneficial, especially in terms of stability in the province and acceleration of services,” said Premier Mokgoro.

He said the provincial government is improving internal control systems such as establishment of loss control committees; invoice tracking systems and termination of problematic contracts such as NEPO Data Dynamics; Mediosa, Ayamah

Consulting. Premier Mokgoro also said 2 Chief Directors in the Office of the Premier are on suspension on charges linked to irregular payments relating to NEPO Data Dynamics and investigations are underway for 11 other officials in the same office.

“We have also enhanced service delivery through increasing availability of medicine from 53% in July 2018 to 76% in 2019 and a total of 2198 health workers’ posts have been advertised in 2018 and key vacant executive positions are in the process of being filled. Four out of five operating theatres in Mahikeng Hospital are now functional and sanitation projects in 102 schools have been identified,” said Premier Mokgoro.

On consequence management, he said 6 senior managers have been suspended and are facing disciplinary action and the Head of Public Works department is suspended as he is facing serious financial misconduct. “An additional five officials in the Department of Health were also suspended as they face disciplinary charges of fraud, corruption and transgression of Treasury Regulations and PFMA involving amounts of more than R350 million. The Hawks are also handling 49 cases involving theft, fraud and contravention of Prevention and Combating of Corrupt Activities Act, 2004 related to the North West province totally an amount of over R2,5 billion,” said Premier Job Mokgoro.

In his concluding remarks Premier Mokgoro said strides have been made to improve service delivery in all state institutions in the province and that the Audit Outcomes for 2018/19 will definitely improve.