

**THE MINISTER OF PUBLIC WORKS, MR GEOFF DOIDGE, MP,
GIVES A KEYNOTE ADDRESS AT THE DPW EXTENDED AUDIT
& RISK MANAGEMENT SEMINAR**

VENUE: EKURHULENI, GAUTENG

DATE: 27 OCTOBER 2008

- The Deputy Minister, Mr. Ntopile Kganyago
- The Director General, Mr. Manye Moroka
- Executive Managers from the Office of the Auditor-General
- The Accountant General of the Republic of South Africa, Mr. Freeman Nomvalo in absentia
- Audit Committee members of the Department
- All Heads of Regional Offices and Finance Sections
- Senior Government Officials
- Ladies and Gentlemen:

The reason we are gathered here is that as senior public officials, have been entrusted with the responsibility to manage the valuable resources of government in the fulfillment of national objectives, priorities and other goals. This current government was elected on a basis of a contract with the people and you are the implementers of that contract. These resources range from finances to materials, assets, machinery, skills, time, ideas, labour and expertise and we require these resources everyday to carry out the obligations of

government. Most of these resources occur in limited quantities and therefore their prudent management, and utilization, is of utmost importance.

In anticipation, the nation through the government has put their faith in the men and women of the public service who by expectation are the harbingers of unquestionable integrity and morality. The Department of Public Works as an organization which daily handles transactions worth millions of rands provides an acid test for our integrity. I believe that we are consistently challenged to represent the true facts about the status of our resources. We need to constantly maintain that vigilance.

By its very nature, Public Works has proved to be a very complex portfolio to manage. Our audit track record since the late 1990s has brought home the reality that more is expected from us to satisfy even if it is just the minimum requirements as laid down by the auditing authorities. Hence the mere existence of the asset register is crucial in order for us to account for the immovable assets we are mandated to manage. In addition our systems of accounting and reporting such as the Work Control System and the Property Management Information System need to be backed up by our own diligence and vigilance because like any other system, they can be easily corrupted by neglect and/or manipulation.

At the same time our human nature requires that we have adequate checks and balances as well as constant monitoring to ensure

compliance hence the need in 1998 to create the Specialised Directorate of Internal Auditing, Fraud Awareness and Special Investigations in the Department. Their successes albeit limited are legendary in the sense that we know that so many other cases of fraud, corruption, non-compliance and negligence have been brought to the fore and in some instances cases were successfully prosecuted. We have also seen the improvement in our reporting system which in the early 2000s began to yield positive results in the form of successive unqualified audit reports.

We owe these milestones to the combination of factors not least the conscious effort by successive top management leadership to introduce, practice and embrace the central principles of good corporate governance. Corporate Governance is defined as the trend towards greater corporate responsibility and the conduct of business within acceptable sound corporate practice, oversight, transparency and openness, accountability in reporting as well as disclosure of information, both operational and financial. This is in line with the country's constitution and legal framework.

Good corporate governance will be attained by this department when we begin to demonstrate accountability to the public and conduct our business within acceptable ethical standards. This will take form of effective financial management and reporting, both internally and externally, and the unqualified encouragement of public debate in respect of such financial reports, in accordance with the requirements of the **Promotion for Access to Information Act**.

In order for this Department to be effective in its corporate governance, it requires to demonstrate compliance with principles of good corporate governance, namely:

1. Lay a solid foundation in respect of roles and responsibilities for management and public sector oversight structures.
2. Have a dynamic audit committee of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
3. Actively promote ethical and responsible decision making within the department.
4. Have an effective structure to independently verify and safeguard the integrity of the department's financial reporting, through the internal and external audit activities.
5. Promote timely and balanced disclosure of all material matters concerning the Department. E.g. the use of the Annual report effectively.
6. Respect the rights of its employees and those of public and facilitate the effective exercise of those rights.
7. Establish a sound system of risk oversight and management and internal control, and strengthen monitoring and evaluation systems.
8. Ensure and enhance performance management system within the Department.
9. Ensure that level and composition of remuneration is sufficient and reasonable in line with DPSA prescripts and that its

relationship to the corporate and individual performance is properly defined.

10. Recognise the legitimate interests of the Department's clients and stakeholders.

In order for the Department to achieve the above principles of good corporate governance, it means all the Department's officials should be:

- Composed of people with the knowledge, ability and commitment to fulfill their responsibilities;
- understanding of their purpose and whose interest they are representing in the department;
- understanding of the objectives and strategies of the Department;
- understanding of what constitutes reasonable information for good governance and do everything to attain it;
- once appropriately informed, ensure that the Department's objectives are met and operational performance and efficiency is not compromised; and
- fulfill their obligation of accountability and obligations to the public, clients and stakeholders by accurately, regularly and adequately reporting on the department's activities and achievements.

Good Corporate Governance is a great work but as they say, great work is often the result of a collective. Therefore we need each other

and the support of the Offices of the Accountant General at National Treasury; and Auditor General to fulfill this great work of Good Corporate Governance in the Department.

The challenges of this Department as presented to me, which resulted to this seminar, requires all of us to stand out; and not just blend in; and be lost in mediocrity. Let us make things happen. We are all in this Department at the right time. We need to build on the past, without returning to it. We need to have an effective plan to fulfill our purpose of good corporate governance in Public Works while maximizing the opportunities presented in the form of support by our Audit Committee, the Accountant General at National Treasury and the office of the Auditor General.

I was also informed that at the second day of this seminar is reserved for different branches and regions of the Department to present their plans that will ensure that the Department implements and maintains sound financial management systems that will ensure the retention of a clean audit report with unqualified audit opinions, again in line with the dictates of the Public Finance Management Act which aims to introduce an approach of management which is geared for results instead of merely managing for compliance.

I wish the seminar well in its deliberations and believe that you will come up come up with resolutions, with the support of the Audit Committee and officials from the Auditor General and Accountant

General, that will ensure an effective solution to the future challenges facing the department in relation to:-

- ◆ Expiry of National Treasury exemptions on accounting policies on our Property Management Trading Entity and
- ◆ changes of accounting practices; and
- ◆ Good corporate governance

I THANK YOU.