**TO: THE MINISTER**

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| **NATIONAL ASSEMBLY: QUESTION NO. 557 (Oral Reply) Mr T V Mashele (ANC) to ask the Minister of Public Works and Infrastructure:** |

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| **RANK** | **INITIALS AND**  **SURNAME** | **SIGNATURE** | **DATE**  **REFERRED** | **DATE**  **RETURNED** |
| **CFO** | **Mr. M Sithole** |  |  |  |
| **DDG: GRC** | **Mr. I Fazel** |  |  |  |
| **Acting-Director-General** | **Dr. A Moemi** |  |  |  |
| **Deputy Minister** | **Ms. N Kiviet, MP** |  |  |  |
| **Minister** | **Ms. P De Lille, MP** |  |  |  |

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**INTERNAL MEMORANDUM**

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| **To:** | **MINISTER OF PUBLIC WORKS & INFRASTRUCTURE** | **Ref:** | **NA PQ No. 557 (Oral reply)** |
| **From:** | **ACTING DIRECTOR-GENERAL** | **Office:** | **DIRECTOR-GENERAL** |
| **Tel:** | **(012) 406 2028** | **Fax:** | **(086) 699 3998** |

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| **NATIONAL ASSEMBLY: QUESTION NO. 557 (Oral Reply) Mr T V Mashele (ANC) to ask the Minister of Public Works and Infrastructure:**  Given that governance and financial control of her department and its entities is critical for the implementation of projects and/or programmes, whilst achieving optimal value for the budget which has been allocated, (a) has her department implemented 10 areas of business improvement and (b) how is this intended to improve accountability and oversight by her department and/or any of the entities reporting to her? NO4006E |

**REPLY:**

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| **NATIONAL ASSEMBLY: QUESTION NO. 557 (Oral Reply) Mr T V Mashele (ANC) to ask the Minister of Public Works and Infrastructure:** |

The draft reply to Parliamentary Question No. 557 (Oral Reply) is submitted for your consideration.

The input has been provided by the CFO and GRC Business Units.

I hereby attest that the information provided in response to NA PQ 557 is true and correct, as informed.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**MR. M SITHOLE**

**CHIEF FINANCIAL OFFICER**

**DATE:**

I hereby attest that the information provided in response to Parliamentary Question No 557 is true and correct, as informed.

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**MR. I FAZEL**

**DDG: GRC**

**DATE:**

Draft reply supported / not supported/ comments

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**DR. A MOEMI**

**ACTING-DIRECTOR GENERAL**

**DATE:**

**NATIONAL ASSEMBLY: QUESTION NO. 557 (Oral Reply) Mr T V Mashele (ANC) to ask the Minister of Public Works and Infrastructure:**

Draft reply supported / not supported/ comments

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**MS. N KIVIET, MP**

**DEPUTY MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**

**DATE:**

Draft reply approved / not approved/ comments

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**MS. P DE LILLE, MP**

**MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**

**DATE:**



**MINISTRY**

**PUBLIC WORKS AND INFRASTRUCTURE**

**REPUBLIC OF SOUTH AFRICA**

Department of Public Works l Central Government Offices l 256 Madiba Street l Pretoria l Contact: +27 (0)12 406 1627 l Fax: +27 (0)12 323 7573

Private Bag X9155 l CAPE TOWN, 8001 l RSA 4th Floor Parliament Building l 120 Plein Street l CAPE TOWN l Tel: +27 21 402 2219 Fax: +27 21 462 4592

[www.publicworks.gov.za](http://www.publicworks.gov.za)

**NATIONAL ASSEMBLY**

**ORAL REPLY**

**QUESTION NUMBER: 557 [NO4006E]**

**INTERNAL QUESTION PAPER NO.: 34 CLUSTER 5**

**DATE OF PUBLICATION: 19 SEPTEMBER 2022**

**DATE OF REPLY: SEPTEMBER 2022**

**557. Mr T V Mashele (ANC) to ask the Minister of Public Works and Infrastructure:**

Given that governance and financial control of her department and its entities is critical for the implementation of projects and/or programmes, whilst achieving optimal value for the budget which has been allocated, (a) has her department implemented 10 areas of business improvement and (b) how is this intended to improve accountability and oversight by her department and/or any of the entities reporting to her? NO4006E

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**REPLY:**

**The Minister of Public Works and Infrastructure**

**(a) has her department implemented 10 areas of business improvement, and**

During the 2020/21 Financial Year, the Accounting Officer identified a number of critical interventions required to address the fundamental governance and institutional weaknesses confronting the Department.

In order to achieve the MSTF priority of developing a Capable and Ethical State, the Department and Minister, as part of the DPWI’s 2021/22 Implementation Charter, committed to implementing these 10 interventions during the current Financial Year. These are:

1. A **Change Management Programme** that seeks to bring about a Capable and Ethical DPWI located in the Constitutional Values and Principles of Public Administration and Batho Pele;
2. A **Service Delivery Improvement Programme (SDIP)** that is underpinned by Service Standards and Charters with service beneficiaries that is characterised by customer responsiveness and orientation throughout the value chain (Batho Pele);
3. A **Business Process Management Programme** including the implementation of the IDMS to address among others, the lack of coordination in the property management and infrastructure delivery business;
4. An **ERP Fast Track Programme** (aligned to the aforementioned business process management programme) to advance automation and the replacement of manual systems and processes;
5. A review of the **Macro Business and Delivery Model of the DPWI**, and associated revision of the Structural Model of the Department (and consequently the Regional Office and Head Office Models), and associated governance and accountability arrangements;
6. An **Ethics & Compliance, Infrastructure and Consequence Management Unit** in the Department to guide and enforce expected standards of behaviour;
7. A **Contract Management and Monitoring Capability** to mitigate contract delivery risk throughout the Department;
8. An **Organisation Wide Skills Assessment** to determine the current skills mix and the interventions, including an expedited capacitation drive, required to optimise service delivery;
9. An **Organisation-wide maturity within Strategic Planning** (the ability to plan for results), Performance Monitoring (monitor and deliver results) and Risk Management (anticipate and avoid/mitigate uncertainties before they occur) in partnership with the National School of Government; and
10. Working towards a **Clean Audit** in the Department and the Property Management Trading Entity (PMTE).

Various branches are leading the implementation of each interventions. The progress of implementation of each intervention is summarised below:

1. **Change Management Programme***(led by Deputy Minister and Corporate Services branch)*

* The Department completed phases 1 to 5 (including the organisational culture diagnosis and development and implementation of the change management and associated communication strategies) of the programme and is currently in phase 6 (Enforce & Maintain change to desired organisational culture).
* The rolling out of the strategy continues with capacitation of change Leaders (DDGs), Change Champions (SMS) and nominated Change Agents in order to maintain and sustain change. Six branches and three regional offices have been engaged and activity plans were developed as part of this phase. A further three branches and three regional offices are due to receive training in the coming weeks.

1. **Service Delivery Improvement Programme** *(led by Governance, Risk and Compliance branch)*

* GRC used the Annual Performance Plan and Risk management processes to address these issues to speed up this process, particularly with the High 5 areas (Prestige, SCM, REMS, FM and CPM).
* In addition, an extensive Evaluation of Accommodation Provision was initiated as part of the SDIP within the DPWI.
* The Evaluation Report has been completed (presented to DPWI & DPME EXCO’s; the Minister; Deputy Minister and Strategic Planning Lekgotla);
* The Implementation Recommendations have been circulated to branches for review, and, following branch inputs, the agreed recommendations will be developed into a DPWI Departmental Improvement Plan and the plan submitted to DPME for reporting and monitoring.
* To capacitate the SDIP unit:
  + TOR for appointment of service provider to set-up SDIP has been concluded.
  + Post of the Director: SDIP was advertised and closed on 08 April 2022.
  + The selection and recruitment process will commenced guided by HRM.
  + The unit will be responsible for coordinating the development of the SDIP based on the Batho Pele principles aligned to the strategic intent of the Department, especially Outcome 7, (Dignified Client Experience)., co-ordinating the development of the Operations Management Framework (including Business Process Mapping, Standard Operating Procedures, Service Standards and Service Charter of the Department as per DPSA regulations).

1. **Business Process Management Programme** *(led by PMO branch)*

* The DPWI was directed to establish the relation between the IDMS and the SIDS methodology and establish how the SIDS would find expression in the IDMS-aligned DPWI Asset Lifecycle Management Operating Model.
  + DPWI engaged ISA and it was agreed that the SIDS is applicable to Portfolio Management stage of the Operating Model.
  + Minister approved recommendations that the implementation of the IDMS in the DPWI must be aligned to the SIDS methodology.
  + Engagements with ISA resolved that a full day workshop be conducted on both SIDS and the DPWI Asset Lifecycle Management Operating Model, Processes and SOPs.
  + A meeting with Minister and DM resolved that the Ministry form part of above-mentioned Workshops, and in alignment with AC recommendations, requires a clear action plan for implementation.
* In line with above, and Minister’s endorsement, the process to accordingly update the affected Modules, Process Flows and SOPs in line with the stakeholder consultations on SIDS that ISA have commenced with NT and other critical players. With NT’s deviation approval and the appointment of CDC as implementing agent, engagements are currently underway for the CDC to provide technical assistance to accordingly revise and update the business architecture and processes.
* A request has also been submitted to the ADG for a dedicated PMO resource to drive the processes of revision and implementation.
* PMO engaged ICT to automate draft business processes and line functions will be requested to review the “To Be” Business processes for enhancements in order to CDC to revise and finalise.
* This exercise of review is expected to be finalised by end of September 202 in line with revised plans CDC will start with enhancement in October 2022 and conclude end November 2022, with workshops with line functions will be held in Dec 2022 and from January to March 2023, automation concluded and required governance capacity for the rollout of pilot phase from 1 April 2023.

1. **ERP Fast Track Programme** *(led by Corporate Services branch)*

The progress of the ERP programme is as follows:

* Business Case approved - done (02/12/2021)
* Nomination of BSC members – done (03/12/2021)
* Appointment of the SCM practitioner – done (06/12/2021)
* Meeting of the BSC to finalise the Procurement Strategy and TOR - done (27/01/2022)
* Submission to NBAC – done (03/02/2022)
* Approval by NBAC – done (08/02/2022)
* Approval by DG – in progress (31/08/2022)
* Advertising – planned (05/09/2022)
* Evaluation – planned (12/09/2022)
* Award –planned (23/09/2022)

1. **Macro Business and Delivery Model of the DPWI** *(led by Minister and ODG)*

* The Macro Business and Delivery Model of the DPWI is being reviewed by the Ministry.
* The governance reporting lines of the Department – specifically between Head Office and Regional Offices – have been amended. The regional matrix was developed and approved on the 8th April 2022.
* The roles and responsibilities of Regional Managers are clarified through an approach which seeks to improve overall performance and delivery of services rendered by the Department.

1. **Ethics & Compliance, Infrastructure and Consequence Management Unit** *(led by Governance, Risk and Compliance branch)*

* The GRC’s Governance Unit is 100% vacant (all posts unfunded). The post of Chief Director: Governance and Ethics has been evaluated by Organisational Development (CS) in terms of the prescribed Job Evaluation System. The evaluation results were approved on the 25 Jan 2022. Funding for the CD post and Governance Unit posts have been applied for through the MTSF budget process. This Chief Directorate will house:
  + Governance Framework developed in consultation with Judge Mervin King and provides the overriding principles of governance and the role of management in the DPWI.
  + The Compliance Risk Management Framework developed to establish a risk based approach to compliance monitoring in the department.
  + The Ethics and Integrity Management Framework developed to consolidate the DPWI approach to ethics management.
* An Ethics Officer has been recommended and the process of establishing an ethics committee was initiated. Work on lifestyle audits, a review of Remunerative Work Outside of the Public Service and discussions on the establishment of a Consequence Management Unit are underway.
* The designate Ethics Officer is also in the process of establishing a loss committee with units driving compliance and ethics in the department.
* The GRC received guidance from DPSA in formulating the roles and responsibilities of this post.
* The GRC drafted the compliance universe and provided a template to branches to indicate the level of compliance (%) and the relevant POE to ensure that compliance is monitored and reported to EXCO regularly for identification of areas of intervention.

1. **Contract Management and Monitoring Capability** *(led by SCM branch)*

* The Contract Management policy, which is aligned to National’s Treasury’s Contract Management Framework 2021, was approved on 11 April 2022 by the former acting DG.
  + All Branches at Head Office were engaged and provided comments and inputs before the policy was approved.
* The SCM Branch appointed a service provider to assist with the write up of the Contract Register going back to 2016/2017 financial year. These registers were finalised by 31 March 2022.
* Engagements are underway with ICT for the development of an electronic Contract Management software solution.
* The contract register for the 2022/23 financial year , which is based on the contract register for the 2021/ 2022 financial year, will be updated continuously.
* The current SCM structure does not include a Contract Management unit. A draft organisational SCM structure which makes provision for a second Chief Directorate and includes a dedicated Contract Management unit was developed and submitted to HR.
  + HRD initiated an organizational design and has also engaged with DPSA in this regard.
  + The CFO partially approved funding for the new structure and HR has been requested to assist with the appointment of a person on a contract basis who would be responsible for the Contract Management function.

1. **Organisation Wide Skills Assessment** *(led by Corporate Services branch)*

* Skills assessments are focused on the SMS and DD/ASD levels of employees.
* Amongst the identified skills gaps identified through the Skills Audit of SMS employees, training interventions in Governance and Risk Management; Mentoring and Coaching; People and Performance Management and Monitoring and Evaluation are scheduled ot be implemented within the current financial year, beginning in November 2022.
* The branch has also submitted the request to SCM to go out on tender in October 2022 to procure a suitable service provider to conduct the skills audit for DDs and ASDs.

1. **Organisation-wide maturity within Strategic Planning** *(led by Governance, Risk and Compliance branch)*

* The DPWI is seeking to facilitate more proactive outcomes-based planning through Organisation-wide maturity in Strategic Management by integrating the management of performance information, addressing areas of planning, risk management and performance monitoring and reporting – including inter-branch planning but also entities - to identify interdependencies and streamline service delivery interventions.
* The GRC will, in accordance with the Regional Matrix Model (*Circular 194),* assist regions to develop operational plans against the approved 2022/23 APP.
* Training for senior & Regional managers has been implemented.
* The 2022/23 Strategic Risk register has been developed and shared with the Audit Committee (31st January 2022). The risk register follows a Results based (Outcomes) approach aligned to the Departmental seven outcomes, capturing current industry concepts (appetite, tolerance and limits) and has gone to the route of quantifying risk reported through Key Risk Indicators. The existing Operational Risk Register is being updated (due Sept 2022) to align with this approach.
* The 2022/23 strategic risks and operational risks will be implemented from the 1st quarter of the 2022/23 financial year to provide proactive warnings to the DPWI on performance and delivery to enable more strategic decision-making.

1. **Clean Audit** *(led by Finance branch)*
2. Both the Department’s Main Account and PMTE submitted their Annual Financial Statements to AGSA and National Treasury on the legislated date of 31 May 2022. The audit reports for the entities were finalised and issued by the AGSA on 31 July 2022.
3. The Department is expected to table its Annual Report in Parliament by the end of October 2022.
4. Since the conclusion of the audit, the following key activities have been undertaken to address some of the key issues emanating from the audit reports of the respective entities:

**STATUS AS AT END AUGUST 2022:**

The Audit Action Plans were subsequently developed to address the findings from the 2021/22 regulatory audit. The audit action plan is tracked on a weekly basis through the Audit Steering Committee meeting. The department has intensified processes on the following key line items:

1. controls measures are being implemented to improve **lease management**;
2. Constant engaging with client departments to resolve all **disputes**,
3. Escalate disputes with client departments to National Treasury for intervention, where necessary; and
4. Reconciliations of the **immovable asset register** to restate the opening balance are complete. Quarterly plans with engagements the South African Polices Services (SAPS) to provide Under Construction reports. Quarterly meetings with the Department of Agriculture, Land Reform and Rural Development (DALRRD) to provide interim Deeds and Deeds quarterly movements are in place.

**(b) how is this intended to improve accountability and oversight by her department and/or any of the entities reporting to her?**

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**MS. P DE LILLE, MP**

**MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**

**DATE:**