INTERIM MANAGEMENT REPORT

Department of Public Works and Infrastructure

**31 March 2021**

**Communicated to the accounting officer on: XX May 2021**

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## INTERIM MANAGEMENT REPORT TO THE ACCOUNTING OFFICER ON THE AUDIT OF THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE FOR THE YEAR ENDED 31 MARCH 2021

## INTRODUCTION

1. The purpose of the management report is to communicate audit findings and other key audit observations to the accounting officer and the report does not constitute public information. This management report is provided to make it easier for the auditee to consider and correct the audit findings arising from the audit of the performance information and compliance with legislation that have come to our attention to date. We will provide a final management report following the completion of the audit after year-end.
2. Our engagement letter sets out our responsibilities and those of the accounting officer in detail.
3. The audit work performed to date includes the following:

**Audit of predetermined objectives**

* Programme 3: Expanded Public Works Programme (EPWP)

**Audit of compliance with legislation**

* Procurement and contract management
* Expenditure management

**Internal controls**

* Status of Records Review

1. This management report consists of the overall message arising from the audit, summary of key findings and observations, annexures containing the detailed audit findings, annexures to the report on the audit of performance information, annexures to the report on the audit of performance information well as the annexure to internal control deficiencies reported.
2. The auditor’s report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor’s report remain in draft form until the final auditor’s report is signed. In adherence to section 50 of the PAA, we do not disclose any information obtained during the audit and contained in this management report.

## OVERALL MESSAGE

-

1. The financial audit outcome for 2019- 20 was an unqualified audit opinion and the audit of performance against predetermined objectives has remained qualified in the 2019-20 financial period. Instances of material non-compliance were reported in the past and some resulted in the two material irregularities that were reported in the audit report signed 30 September 2020.
2. Based on the outcomes of the interim audit of programme 3: Expanded Public Works Programme as well as the compliance subject matters, the issues reported in the prior year audit remain stagnant. The audit action plan to address both internal and external audit findings on EPWP was approved for implementation towards the financial year-end being 31 Match 2021 andthat meant there was insufficient time to effectively implement the planned actions to improve the audit outcome.
3. The challenges experienced by the department in reporting performance outcomes against predetermined objectives are persistent due to mostly the comprehension that it may not be the responsibility of the department to ensure that information reported is verifiable, accurate, and complete for EPWP. The lack of consequence management on public bodies continues to stiffen the department's efforts to improve internal controls. The ongoing engagements between the relevant stakeholders seeking to find resolutions to address this matter are commendable and the integrated approach taken in resolving the matter sets a good environment for governance.
4. We identified an instance of non-compliance with legislation concerning approval of quotation/s that was not in line with the requirements of the delegations of authority and the finding is a new audit issue. We also noted an issue with expenditure management whereby the payments were not processed within the time prescribed by legislation. The audit of compliance is however still in progress and the impact of these findings can only be evaluated during the final audit.

## SECTION 1: status of the audit of pre-dertemined objectives

### PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

1. The audit included the assessment of reported achievements for the expanded public works programme for reliability i.e. validity, accuracy and completeness. The results of these tests are shown in the table below and are communicated to management to assist in the finalisation of the annual performance report to be submitted at year-end.
2. The assessment outcomes of the programme are as follows:

|  |  |
| --- | --- |
|  | No significant matters were identified during the performance of interim audit procedures |
|  | Improvement is required to ensure that no material misstatements remain at year-end. |
|  | Urgent intervention is required to ensure that the programme is free of material misstatements at year-end. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme** | **Prior period opinion** | **Movement** | **Status** | **Key findings** |
| Programme 3: Expanded Public Works Programme | Qualified |  |  | We identified key findings similar to the prior year, where reported achievements were not adequately supported by valid and complete source information as well as instances of limitation of the scope |

1. We audited 57 projects at 30 various public bodies around the country to determine whether the action plans put in place were effectively implemented, 18 of these projects were implemented by DPWI.
2. Summary of the findings from the audit of Programme 3: Expanded Public Works Programme are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Findings** | **DPWI implemented projects** | **NPO implemented projects** | **Other Public Bodies implemented projects** | **Total** |
| EPWP participants were not reported on the Q3 EPWP reporting data | 53 | 16 | 168 | 237 |
| Attendance registers were not provided | 41 | 1 | 90 | 132 |
| Identity documents were not provided | 5 | 18 | 81 | 104 |
| Proof of payment documents were not provided | 72 | 2 | 63 | 137 |
| Proof of training documents were not provided | 0 | 0 | 4 | 4 |
| Banking details documents were not provided | 0 | 9 | 13 | 22 |
| Proof of disability documents were not provided | 0 | 0 | 1 | 1 |
| Banking details not the same between contract and wage payment | 0 | 0 | 1 | 1 |
| Inconsistencies in payments | 0 | 221 | 2 | 223 |
| Inconsistencies in attendance registers | 0 | 81 | 0 | 81 |
| **Total** | **171** | **348** | **423** | **942** |

1. As depicted on the table above, while there are various findings identified on projects implemented by other public bodies, it is concerning that in the current year, majority of the findings actually emanate from the projects implemented by the department and its implementing agent, Independent Development Trust. The findings raised on DPWI portfolio constitute 55% of the total findings raised during interim. These results are an indication within the department that preventative controls ought to be enhanced by strengthening the verification, review and monitoring processes such that all work opportunities that are created from projects implemented under the control of the department are recorded in a manner that enables usefulness and reliability of reported performance information. Failure to also address and prevent poor record keeping of the number of work opportunities created from projects implemented by the department and its implementing agent may continue to be a hindrance to the department in achieving the desired audit outcomes.
2. In addition, the absence of customised indicators to report on achievements relating to EPWP by other public bodies further contributes to insufficient allocation of resources to ensure complete, accurate and valid reporting of work opportunities created. Nevertheless, there is an opportunity for senior management to collaborate with internal audit in attempt to find ways to enhance the credibility of performance information especially in relation to EPWP.

## SECTION 2: status of compliance with legislation

### PROCUREMENT AND CONTRACT MANAGEMENT

1. The audit included an assessment of compliance with legislation, procurement processes, contract management and the related controls in place. These processes and controls must comply with legislation to ensure a fair, equitable, transparent, competitive and cost-effective supply chain management (SCM) system and to reduce the likelihood of fraud, corruption, favouritism and unfair and other irregular practices.
2. The findings below will be considered together with findings of a similar nature at year end to determine the materiality of the non-compliance. Should the extent of non-compliance be considered material, this will be reported in the final management and the audit report.
3. The compliance areas assessed were as follows:

|  |  |
| --- | --- |
|  | The basics are in place as no concerns were identified. |
|  | Non-compliance identified |
|  | Non-compliance identified which resulted in irregular expenditure being incurred |

| **Compliance area** | **Status** | **No. of issues identified** | **Key findings** |
| --- | --- | --- | --- |
| Procurement and contract management |  | 1 | An official without authority per the Delegations of Authority approved the quotations. |
| Expenditure management |  | 2 | The payment due to the creditor was not settled within 30 days from receipt of an invoice. |

### MATERIAL IRREGULARITIES

1. In accordance with the PAA and the material irregularity regulations, we have a responsibility to report on material irregularities identified during an audit and on the status of material irregularities reported in the previous year.
2. We reported two confirmed and suspected material irregularities in the audit report signed 30 September 2020. Subsequently, we then reviewed the accounting officer's submission as well as the substantiating documents in response to the notifications and concluded that the actions being taken to address the material irregularities were appropriate.
3. We are currently assessing the status of the material irregularities reported in the previous year.

## SECTION 3: internal controls

### STATUS OF RECORDS REVIEW

1. The status as presented below is based on the review performed and reflects the involvement from the previous assessment.

* The legend applied is as follows:

|  |  |
| --- | --- |
| Good | The basics are in place as no concerns were identified. |
| Concerning | Concerns identified. |
| Intervention required | Level of concerns identified is an indicator that the AO needs to urgently intervene to prevent audit failure. |

* The movement is assessed as follows:

|  |  |
| --- | --- |
|  | Improved |
|  | Unchanged |
|  | Regressed |

**KEY MATTERS FOR ATTENTION**

1. The following areas of concern have come to our attention during our review process. Some of the matters had been reported before or raised in the previous engagements and little progress has been made to address these matters.

**Performance management**

1. The reported achievements for predetermined objectives included in the annual performance report (EPWP) were not supported by appropriate audit evidence in the previous audit cycle. Similar findings, as identified in the prior year have been communicated to management in the interim period.

**Procurement and contract management**

1. The interim audit discovered issues of non-compliance with the PPPFA as well as the Treasury Regulations. Therefore, there is a risk of non-compliance with the regulations and this may result in unfavourable audit outcomes as there might be material non-compliance.
2. There were instances identified where the deviation registers did not include all procurement of goods and services through the deviation processes. Furthermore, not all deviations were reported as required by the relevant instructions notes issued by the National Treasury.

**Compliance management**

1. We identified material findings were in the previous year concerning contract management, which resulted in overspending on state funerals and events and consequently resulted in irregular expenditure being incurred and notifications for material irregularities being issued. We are in the process of following up on the status of progress made in the implementation of the appropriate actions taken in response to the previously reported material irregularities.
2. The department is a subject of some investigations conducted by SIU and the Anti-corruption Unit relating to allegations of fraud and corruption which could increase irregular and fruitless and wasteful expenditure. This matter was previously raised during the previous audit and minimal progress has been made on the matter

**IT management**

1. Management made progress in implementing action plans to address prior year audit findings on areas relating to information technology (IT) governance. However, there are still areas of concerns requiring attention. As previously reported, we still noticed that the Chief Information Officer (CIO) position is still vacant. Furthermore, it was established that the Archibus ERP system implementation project was not yet completed and that not all modules of the ERP were deployed for usage, as result the below status indicated that only three (3) out of eight (8) planned modules had gone live:

|  |  |
| --- | --- |
| **Archibus Module** | **Live/ Not live** |
| 1. Lease in module | Live |
| 2. Lease out module | Not live |
| 3. Immovable Assets module | Live |
| 4. Unscheduled Maintenance | Live |
| 5. Movable Assets Module | Not live |
| 6. Condition assessment | Not live |
| 7. Preventative Maintenance Module | Not live |
| 8. Construction & Project management | Not live |

**Human resource management**

1. We noted regression on the overall vacancy increasing from 9% as at 31 March 2020 to 16% on 31 December 2020. However senior management vacancy rate has increased significantly from 23% to 31% as at 31 December 2020. Some of the key positions affected by this increase include among others, the heads of key programmes such as DDG: Inter-Governmental Relations (IGR), DDG: Policy, Research and Regulations, and DDG: Expanded Public Works Programme (EPWP). The key positions that are occupied by acting officials are Director-General, Head of Governance, Risk and Compliance, Head of Performance Monitoring and Evaluation. The instability in key leadership positions may negatively impact the audit outcomes of the department.

**Oversight and monitoring**

1. The suspension of the Director-General left an instability in the leadership of the department with the following senior management positions either being vacant or filled by acting incumbents as at 31 March 2021:-

* DDG: Inter-Governmental Relations (IGR)
* DDG: Policy, Research, and Regulations
* DDG: Expanded Public Works Programme (EPWP)
* DG position
* DDG: Governance Risk and Compliance Services (GRC)
* Head of Performance monitoring, evaluation and reporting (PM&E)

1. During the review of internal audit reports, we noted that in some instances, concerns were raised by internal audit relating to managements’ efforts in place to improve control weaknesses through the implementation of agreed action plans not being effective.
2. The audit action plans were developed and finalised close to year-end leaving little to no time to effectively implement the action plans to make a significant impact on the outcome of the audit.

**Financial health**

1. The underspending of R191 000 000.00 as at year-end by the department in executing its mandate and non-achievement of targets is an area of concern and could results in future budget cuts as experienced in the current year. The department has been struggling to get approval for the condoning of unauthorised expenditure and there is a high chance that the unauthorised expenditure will be approved without funding which will pose a risk to the financial health of the department.

## SECTION 4: status of implementation of commitments and recommendations

### STATUS OF IMPLEMENTING COMMITMENTS AND RECOMMENDATIONS

1. Below is our assessment of the progress in implementing the commitments made by the department to address the prior and current year’s audit findings.

| No. | Commitment | Made by | Auditor’s comments | Status |
| --- | --- | --- | --- | --- |
| 1. | **The KPIs and targets were not measurable due to inadequate records management.**  ***Expanded Public Works Programme***  a) To conduct Public Body Visits throughout the year in the format of mini audits. These visits focus on the public body, rather than specific projects, to ensure public bodies with recurring audit findings are assisted.  b) To manage an Intervention Register of all non-compliance issues noted at these visits. In this register responsibility for and timelines for resolution are assigned to responsible parties.  c) To follow up with escalation to Accounting Officers and to relevant administrative and political heads the non-resolution within the specified timelines of non-compliance issues.  d) To keep a paper trail of the escalation as proof of the Department fulfilling its coordination mandate.  e) To withhold payments to public bodies receiving grants for non-compliant projects.  To continue to provide training on EPWP frameworks to public bodies.  f) To develop and consult on the viability of implementing an EPWP Audit Practice Note aimed at providing guidance on the roles and responsibilities of all EPWP stakeholders with regard to auditing processes and records-management requirements of the EPWP.  g) To forward a letter to the Head of Construction Project Management to instruct the branch to take responsibility for the reporting and capturing of its EPWP data. | S. Henderson (previous DDG- EPWP)  M. Sazona (Chief Director: Prestige) | We noted recurring issues of reliability during the interim audit of EPWP. | In progress |
| 2. | **Inadequate Contract Management that resulted in Irregular Expenditure**  (a) Develop a checklist for requisition and verification  (b) Segregation of duties between Events management and Finance section.  (c) Prestige and SCM to perform reconciliation between invoice and quotation  a) SCM will issue a Circular requiring submission of all contract related records to Legal Services for placement on the tender (Pink) file.  b) To provide internal workshop for Project Managers throughout the Department to be aware of applicable rules within the Contract Management space.  c) Utilisation of Paper trail for electronic storing of documents | R. Naidoo (ADDG: Supply Chain Management) | No issues noted during the interim audit, however, the final outcome of the audit of contract management will be determined during the final audit of the population. | In progress |
| 3. | **Information Technology**  ***Inadequate Security Management controls***  a) Ensure that they expedite the process of approving the Account Management policy (31 October 2019).  b) Ensure that the ICT introduces security questions to assist in identifying users for password reset (Part of the policy – 31 November 2019).  c) Ensure that the activities performed by the users with administrator access is reviewed on a regular basis to ensure that only authorised activities were performed and evidence of review is retained for audit purposes (part of the policy 31 November 2019).  d) Ensure that there is an implemented formal process to suspend/disable/terminate user access on Active Directory (part of the policy 31 November 2019).  e) The ICT management should commit to findings resolution by implementing adequate user access controls within the AD environment (part of the policy 31 November 2019)  f) Execute consequence management if evidence of poor performance is established (March 2020)  ***Inadequately implementation of the user account management policy on EPWPRS***  Controls in this regard are established in Version 2 of the EPWP RS. It is expected that this version will be implemented in 2020/21.  ***Inadequate IT service continuity controls***  a) Procurement of the Disaster Recovery Solution (1 November 2019)  b) Testing Disaster Recovery Solution (1 January 2020)  c) Updating of the current Disaster Recovery Plan and Business Continuity Plan will be completed by (1 December 2019.) | C. Mtshisa (DDG: Corporate Services) | Follow up on implementation of audit action plans to address prior year findings noted issues of concern as reported in other sections of this report. | In progress |

## SECTION 5: Emerging risks

#### Accounting, performance management/reporting and compliance matters

###### New pronouncements

###### Modified cash standard

1. The following emerging risks are relevant for the 2020-21 audit cycle.

Componentisation of assets

* Departments are encouraged to componentise assets in their asset registers as it will become a requirement in future. The effective date to componentise assets has not been determined yet.

Inventory

* Departments are encouraged to develop their inventory management systems as the inventory disclosure note will become a requirement in future. The effective date to disclose inventory is still to be determined by the accountant-general.
* Due to the uncertainty surrounding the effective date of implementation, we have not included any findings in the auditor’s report relating to inventory. It is further recommended that a process be put in place to determine the inventory held by the department at each year-end.

#### Subsequent events

* Media reports
* Political initiatives
* Changes in oversight
* Transfer of functions

#### Audit findings on the annual performance report that may have an impact on the audit opinion in future

1. The planned and reported performance information of selected programme was audited against the following additional criteria as developed from the performance management and reporting framework:

* Presentation and disclosure – overall presentation
  + Overall presentation of the performance information in the annual performance report is comparable and understandable
* Relevance – completeness of relevant indicators
  + Completeness of relevant indicators in terms of the mandate of the auditee, including:
    - relevant core functions are prioritised in the period under review
    - relevant performance indicators are included for the core functions prioritised in the period under review
    - standardised indicators related to the core functions prioritised for the year under review are included in planning documents.

1. Material audit findings arising from the audit against the additional criteria do not have an impact on the audit opinion of the selected programme in this report. However, it may impact on the audit opinion in future.
2. No material findings were identified in respect of the additional criteria.

## SECTION 6: Conclusion

1. The matters communicated throughout this report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. Our staff remain committed to assist in identifying and communicating good practices to improve governance and accountability and to build public confidence in government’s ability to account for public resources in a transparent manner.

Yours faithfully

Tintswalo Masia

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**Distribution:**

Audit committee

Head of internal audit unit

Executive authority

## SECTION 6: Summary of detailed audit findings

| Page no. | Finding | Classification | | | | | Rating | | | Number of times reported in previous three years | Status of implementation of previous year(s) recommendation |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Misstatements in financial statements | Misstatements in annual performance report | Non-compliance with legislation | Internal control deficiency | Service delivery | Matters affecting the auditor’s report | Other important matters | Administrative matters |
|  | Procurement and Contract Management – Approval obtained is not by a delegated official |  |  | X |  |  |  | X |  | 0 | Not applicable |
|  | Payments not made within 30 days |  |  | X |  |  |  | X |  | 0 | Not applicable |
|  | EPWP – City of Tshwane Metro – Proof of payments and attendance register were not submitted |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – DPWI RO – EPWP participants were not reported on the EPWP Q3 data |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – DPWI RO – Proof of payments and attendance register were not submitted |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – NPO Far North – EPWP participants were not reported on the EPWP Q3 data |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP - NPO Far North – ID, Proof of payment and attendance register were not submitted |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – Modimolle and Mookgopong Municipality– EPWP participants were not reported on the EPWP Q3 data |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – Modimolle and Mookgopong Municipality – IDs, proof of payments and attendance register were not submitted |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – Molemole Municipality – EPWP participants were not reported on the EPWP Q3 data |  | X |  |  |  |  | X |  | 3 | In progress |
|  | EPWP – Molemole Municipality – Proof of payments were not submitted |  | X |  |  |  |  | X |  | 3 | In progress |
|  | Deviation register not complete – Shereno Printers CC not included in the deviation register |  |  | X |  |  |  | X |  | 0 | Not applicable |

## DETAILED AUDIT FINDING

Procurement and Contract Management – Approval obtained is not by a delegated official

Requirements:

Section 38(1)(a)(i) and (iii) of the Public Finance Management Act states that; *“The accounting officer for a department must ensure that the department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control; an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Furthermore, section 38 (1)(c)(ii) states that; *“The accounting officer for a, department must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

Section 44 (1) of the Public Finance Management Act states that; “*The accounting officer for a department, trading entity or constitutional institution may*

*(a) in writing delegate any of the powers entrusted or delegated to the accounting officer in terms of this Act, to an official in that department, trading entity or constitutional institution; or*

*(b) instruct any official in that department, trading entity or constitutional institution to perform any of the duties assigned to the accounting officer in terms of this Act.*

Section 2.2.1 (a) of the Circular 15 of 2015 states; “*The Delegated Authority at Quotation/ SCM unit will check, verify and approve the appointment of the highest scoring bidder”*

Chapter 5.2 (5.2.3) (9.4) of the SCM Acquisition of Goods and Services SOP states that; “*Sign off and approve in line with delegations - Adjudicator SCM- Acquisition: Goods and Services (Quotes)”*

Furthermore, part 4 item 33 of the approved SCM delegations 2009 states that for the adjudication of quotations the adjudicator is as follows:

SAO up to the value of R10 000; ASD up to the value of R300 000 and DD up to the value of R500 000,00

**Nature**

During the regional audit of procurement through quotations, it was noted that the following quotation that was awarded for transportation of learners was above the R300 000 threshold was adjudicated and approved by an assistant director rather than the deputy director as per the SCM delegations for procurements above R300 000 but below R500 000.

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Supplier | Description of services | Amount (R.) |
| 1 | Maistry transport | Transport of learners | 431 100,00 |
| **Total** | | | **431 100,00** |

This is due to management not implementing the SCM delegations of approval as prescribed

**Impact of the finding**

**The above may result in the following:**

* Possible misstatement of irregular expenditure with amounts of R431 100
* Non-compliance with section 38 and 44 of the PFMA
* Non-compliance with internal policies

**Internal control deficiency**

*Leadership*

Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Management did not ensure that quotations procured by the department were approved and reviewed by the delegated in order to comply with the relevant SCM laws and regulations.

*Financial and Performance Management*

Management did not review and monitor compliance with applicable laws and regulations.

Management did not implement procurement processes in an appropriate manner to ensure that SCM regulations are adhered to

**Recommendation**

It is recommended that management should ensure that the entity complies with all applicable laws and regulations.

Procurement through quotations should be reviewed and approved by the approved delegated official as per the SCM prescripts.

**Management response:**

Management takes note of the audit finding and is in disagreement. Management is aware and understands the approved SCM Delegations. The quotation procured by the department was approved and reviewed by the delegated official in order to comply with the relevant SCM laws and regulations. The department maintains a file of approvals for quotations/ adjudications above R300 000 and up to R500 000, separately. A copy of the approval relating to this quote is attached to management’s response as Annexure “A”.

**Name: D. Dlamini**

**Position: Director: SCM**

**Date: 03 May 2021**

***Signed off by:***

**Name: P. Penxa**

**Position: Regional Manager**

**Date: 03 May 2021**

**Auditor’s conclusion**

Management response noted, the submission is under consideration and the outcome will be reported in the final management report, therefore the matter might be resolved.

Payments not made within 30 days

**Laws, rules and Regulations:**

Public Finance Management Act (PFMA) section 38(1)(f) state that: *“The accounting officer for a department, trading entity or constitutional institution must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period.”*

Treasury Regulation 8.2.3 requires that: *“Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment.”*

**Nature**

The following payments were not made within 30 days from the date of receipt of the invoice:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Supplier name** | **Payment number** | **Amount** | **Date of receipt of invoice (Registry stamp)** | **Payment date** | **Number of day in which payment is made from receipt of invoice** |
| 1. | MASIBUYELE INVESTMENT | PM-018227 | 46 650,00 | 20-May-20 | 13-Aug-20 | 85 |
| 2. | KIM SONYEKA CONSTRUCTION CATERIN | PM-018226 | 20 800,00 | 20-May-20 | 13-Aug-20 | 85 |

**Impact**

The aforementioned findings result in:

1. Non-compliance with Section 38 of the Public Finance Management Act
2. Non-compliance with Treasury Regulations 8.2.3

**Internal control deficiency**

*Financial and Performance Management*

Management did not review and monitor compliance with applicable laws and regulations.

This is due to the impact of COVID-19 as only few staff was allowed to be in the premises to process payments.

**Recommendation**

We recommended that when there are unforeseen circumstances that may results in payments not being made timeously, this be communicated to the affected suppliers to renegotiate payment terms and correspondences be kept for audit trial.

**Management response**

I am in agreement with the finding for the following reasons:-

1. Delays were encouraged in registration of the two suppliers on departmental system due to Covid-19 lockdown regulations that were implemented in March across the country.
2. Unavailability of staff members to process payments, due to direct contact of staff members with COVID-19 positive official.
3. Due to lack of communication to the affected suppliers to renegotiate payment terms consequence management was applied to the responsible official accordingly (Annexure A attached).

Name: Ms T Ngubane

Director Finance

Date 2021/05/03

Name: Mr N. Vilakazi

Durban Regional Manager

Date: 2021/05/04

**Auditor’s conclusion**

Management agrees with the finding, the impact of the reported issues will be evaluated during the final audit.

EPWP – City of Tshwane Metro – Proof of payments and attendance register were not submitted

**Requirements**

Section 40(a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 40(3)(a) of the Public Finance Management Act (PFMA) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Section 41 of the Public Finance Management Act (PFMA) furthermore states *that an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require….”*

Paragraph 15(a) to (c) of the Public Auditing Act states that: “the Auditor-General has at all reasonable times full unrestricted access to *Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee; Any of the assets of or under the control of the auditee; or Any staff member or representative of the auditee….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

The ministerial determination 4: Expanded Public Works Programme dated 04 May 2012 paragraph 12(1)(a) to (e) and 12.2 – Keeping records it states that: *“Every employer must keep a written record of at least the worker’s name and position; copy of an acceptable worker identification; in the case of task-rated worker, the number of tasks completed by the worker; in the case of a time-rated worker, the time worked by the worker; payments made to each worker. The employer must keep this record for a period of at least three years after completion of the EPWP…..”*

**Nature**

During the audit of Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups*,the following matters were identified at EPWP projects at the City of Tshwane Metro:

1. The following participants proof of payment was not provided for audit purposes.

| **aa** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sectors** |
| --- | --- | --- | --- | --- | --- |
| Solomon Thabo | Chauke | 8504215408082 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Patrick | Moholane | 8311146075083 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Lawrance | Mahlaula | 8801086315085 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Abel Babili | Mathibela | 7103175747083 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Stanley Tumelo | Baloyi | 8301106217080 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Tshotlego Isaac | Modisane | 8303025479080 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Mpho Constance | Shilote | 8604270415087 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Katlego | Maimela | 8604115820087 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Mmapula Mpho | Ribombo | 8802091069089 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Paul Malesela | Ramafalo | 6708145651081 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Nthabiseng Thelma | Mofomme | 8611080573088 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Andries July | Mashigwane | 7406067012080 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Thabiso | Boiyane | 9509266101089 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Mpho Samuel | Ndlhovo | 9207026365082 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Monicca Renicca | Babili | 7601290514080 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Peter Nteseng | Baloyi | 8310275550080 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Given Xholiso | Nkuna | 9311055682084 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Thabo Phineas | Tshabalala | 9311145542082 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| April Letswamotse | Rakgantsho | 6605056573082 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Sthembiso Adelaide | Monane | 9004270536082 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Koketso Fankie | Khaditswe | 9409305896080 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Ernest Mbola | Mathebula | 9009256450083 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |
| Ramasela Idah | Mashamaite | 7703040646087 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |

1. The following participant attendance register was not provided for audit purposes.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sectors** |
| Mpho Constance | Shilote | 8604270415087 | 6041-EPWPRS | Business Process Outsourcing (BPO) Park | Infrastructure Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

The quarter 3 data reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups* *reported on the EPWP-RS by public bodies* submitted for audit might be overstated.

Non-compliance with ministerial determination 4: Expanded Public Works Programme dated 04 May 2012.

Limitation of scope in confirming the reported information pertaining to Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies.*

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

EPWP Projects are not adequately reviewed against the supporting documentation to ensure that work opportunities created are supported by valid supporting documentation

**Recommendation**

We recommended that:

The department should increase their visibility at the public bodies and adequately review the projects at the public bodies for compliance with the Ministerial Handbook.

The department should follow up on all findings noted by the internal, external auditors and also findings from their visits to public bodies to ensure that corrective measures have been implemented.

The department should also obtain evidence from the public bodies that the corrective measures have been implemented on all other EPWP projects not selected for the audit.

**Management response**

I **am in not/ agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position

Date:

**Auditor’s conclusion**

Management response is outstanding.

EPWP – DPWI RO – EPWP participants were not reported on the EPWP Q3 data.

**Requirements**

Public Finance Management Act (PFMA) section 40(3)(a) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

**Nature**

During the audit Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*,the following matters were identified at EPWP projects at the DPWI RO,:

Participants included in the table below had signed contracts, were included on the attendance registers and/ or proof of payments; but were not reported on quarter 3 (April 2020 to 31 December 2020) data submitted for audit.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| 1 | Dakalo Evans Innocent | Nemukongwe | 9610035192084 | 108565-EPWP3N | Thohoyandou Magistrate NYS Project | Infrastructure Sector |
| 2 | Johannes | Molapo | 9805055390085 | 108774-EPWP3N | Groblersbridge G3 NYS Project | Infrastructure Sector |
| 3 | Humbulani Constance | Mukhuvha | 8601014157080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 4 | Peter | Ndou | 8708015865082 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 5 | Merries | Ndou | 8511250718084 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 6 | Sharon | Thelele | 7807100669085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 7 | Alice | Musekwa | 79101110825083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 8 | H Contance | Mukhuva | 6801014157080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 9 | Lizzy | Mukhubu | 7609200637081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 10 | Nditshedzeni | Netshitenzheni | 8206166511084 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 11 | Kgopong | Sefelepelo | 9102220416080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 12 | Takalani | Munyai | 89091208443085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 13 | Locodia Kanuka | Nekhubvi | 72092413360808 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 14 | Sarah | Chirwa | 69040902530686 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

Understatement of reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*.

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement effective controls to reconcile the participants on the attendance registers to the participants reported on the EPWP reporting system.

Beneficiary lists and attendance registers are not regularly reviewed to ensure that all participants are captured on EPWP reporting system.

**Recommendation**

It is recommended that:

* The department should perform frequent, adequate reviews of beneficiary lists and attendance registers from the public bodies to ensure that all participants are captured on EPWP reporting system.
* Management should review all EPWP projects reported on the system against the attendance registers, to ensure that all work opportunities created are reported.

**Management response**

I **am in agreement/ not in agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
|  |  |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position:

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – DPWI RO – Proof of payments and attendance register were not submitted

**Requirements**

Section 40(a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 40(3)(a) of the Public Finance Management Act (PFMA) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Section 41 of the Public Finance Management Act (PFMA) furthermore states *that an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require….”*

Paragraph 15(a) to (c) of the Public Auditing Act states that: “the Auditor-General has at all reasonable times full unrestricted access to *Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee; Any of the assets of or under the control of the auditee; or Any staff member or representative of the auditee….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

The ministerial determination 4: Expanded Public Works Programme dated 04 May 2012 paragraph 12(1)(a) to (e) and 12.2 – Keeping records it states that: *“Every employer must keep a written record of at least the worker’s name and position; copy of an acceptable worker identification; in the case of task-rated worker, the number of tasks completed by the worker; in the case of a time-rated worker, the time worked by the worker; payments made to each worker. The employer must keep this record for a period of at least three years after completion of the EPWP…..”*

**Nature**

During the audit of Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups*,the following matters were identified at EPWP projects at the DPWI RO:

1. The following participants proof of payment was not provided for audit purposes.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sectors** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Mpho Perseverence | Montja | 8803200834082 | 108565-EPWP3N | Thohoyandou Magistrate NYS Project | Infrastructure Sector |
| 2 | Thabelo Christine | Singo | 9403270438085 | 108565-EPWP3N | Thohoyandou Magistrate NYS Project | Infrastructure Sector |
| 3 | Ndamulelo | Tshisikule | 9105291031084 | 108565-EPWP3N | Thohoyandou Magistrate NYS Project | Infrastructure Sector |
| 4 | Tendani Makhadzi | Singo | 9511070869083 | 108565-EPWP3N | Thohoyandou Magistrate NYS Project | Infrastructure Sector |
| 5 | Innocent Thivhilaeli | Maanda | 9303215607085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 6 | Vusani Rosinah | Mabasha | 8702020189083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 7 | Stephina | Phaswana | 7906170544085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 8 | Rebecca Ramaesela | Mukhubu | 7809091246089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 9 | Khathutshelo Donald | Munyai | 7609096424081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 10 | Malindi | Moichela | 6605061146189 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 11 | Meisie | Mateke | 8308020392089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 12 | Remani | Maphaha | 7507210762081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 13 | Innocent Lebogane | Malatji | 9008075546089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 14 | Kgaugelo Martha | Chuene | 8704260836084 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 15 | Matshidiso Tryphinah | Maswazi | 8806011140086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 16 | Mashudu Rosinah | Nekhavhambe | 7301013725085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 17 | Dovhani Sarinah | Nesane | 6706070060088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 18 | Vuledzani Melta | Ndou | 8106061372089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 19 | Lillian Mabungu | Phosiwa | 7012051147088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 20 | Nditshedzeni | Nethenzheni | 8206166511084 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 21 | Khakhathi Kenneth | Mudau | 8506166366086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 22 | Thomas | Malaka | 6410075058086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 23 | Thifhelimbilu Paris | Nematshema | 7607045895088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 24 | Seanego | Mbadi | 7802200421081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 25 | Nkhumeleni Angelina | Mulea | 7806011054080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 26 | Mpho | Maboi | 7411235797083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 27 | Ntshengedzeni | Ndou | 8802126116087 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 28 | Khumbudzo Lizzy | Mokhubu | 7609200637081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 29 | Livhuwani Sharon | Budeli | 7807100669085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 30 | Rebecca | Netshishivhe | 6712060060088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 31 | Mpho Sarah | Simono | 8507151104086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 32 | Siwela Christinah | Chauke | 8307240986084 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 33 | Azwinndini Cathrine | Mathetho | 7506250243085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 34 | Thomas | Nekhumbe | 6909096607086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 35 | Humbulani Constance | Tjapudi | 6801014157080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 36 | Mashudu Alfred | Mawela | 6204185290089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 37 | Ngambeni Peter | Mbedzi | 7006016131088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 38 | Boikhutso | Kolobe | 6209010756089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 39 | Tsakani Selina | Chauke | 7401061087089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 40 | Tshifhiwa Joyce | Singo | 7901050452087 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 41 | Dikeledi Martha | Mabolabola | 8411270709083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 42 | Rabelani Emily | Lumadi | 6509090053087 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 43 | Phuti Maria | Maphoto | 5306070368085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 44 | Masilaye Salphy | Ramunenyiwa | 8606050953088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 45 | Mathodi Matildah | Maphani | 7305200586085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 46 | Azwindini Joyce | Munyai | 7509230910088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 47 | Humbulani Reason | Ndou | 8210055717083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 48 | Meisie Ndefhelani | Raselabe | 7203190916083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 49 | Dlayani Nomsa | Baloyi | 7508270792083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 50 | Lydia Fhulufhedzani | Ramenu | 7502230666081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 51 | Lugisani Johannes | Ndou | 8112255979085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 52 | Rose Thelma | Moloi | 8609091264085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 53 | Sylvia Tsatsawani | Hlongwane | 7606050884086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 54 | Maria | Mulea | 8710300326085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 55 | Murendeni Benedict | Muvhango | 9112225450083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 56 | Pfuluwani Reginah | Netshiavha | 8103041170089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |

1. The following participant attendance register was not provided for audit purposes.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sectors** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Vusani Rosinah | Mabasha | 8702020189083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 2 | Stephina | Phaswana | 7906170544085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 3 | Khathutshelo Donald | Munyai | 7609096424081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 4 | Meisie | Mateke | 8308020392089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 5 | Remani | Maphaha | 7507210762081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 6 | Kgaugelo Martha | Chuene | 8704260836084 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 7 | Mashudu Rosinah | Nekhavhambe | 7301013725085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 8 | Vuledzani Melta | Ndou | 8106061372089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 9 | Khakhathi Kenneth | Mudau | 8506166366086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 10 | Thomas | Malaka | 6410075058086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 11 | Thifhelimbilu Paris | Nematshema | 7607045895088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 12 | Seanego | Mbadi | 7802200421081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 13 | Nkhumeleni Angelina | Mulea | 7806011054080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 14 | Mpho | Maboi | 7411235797083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 15 | Ntshengedzeni | Ndou | 8802126116087 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 16 | Khumbudzo Lizzy | Mokhubu | 7609200637081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 17 | Livhuwani Sharon | Budeli | 7807100669085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 18 | Rebecca | Netshishivhe | 6712060060088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 19 | Mpho Sarah | Simono | 8507151104086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 20 | Azwinndini Cathrine | Mathetho | 7506250243085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 21 | Thomas | Nekhumbe | 6909096607086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 22 | Humbulani Constance | Tjapudi | 6801014157080 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 23 | Mashudu Alfred | Mawela | 6204185290089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 24 | Ngambeni Peter | Mbedzi | 7006016131088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 25 | Boikhutso | Kolobe | 6209010756089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 26 | Tsakani Selina | Chauke | 7401061087089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 27 | Tshifhiwa Joyce | Singo | 7901050452087 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 28 | Dikeledi Martha | Mabolabola | 8411270709083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 29 | Rabelani Emily | Lumadi | 6509090053087 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 30 | Masilaye Salphy | Ramunenyiwa | 8606050953088 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 31 | Mathodi Matildah | Maphani | 7305200586085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 32 | Humbulani Reason | Ndou | 8210055717083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 33 | Meisie Ndefhelani | Raselabe | 7203190916083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 34 | Lydia Fhulufhedzani | Ramenu | 7502230666081 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 35 | Sylvia Tsatsawani | Hlongwane | 7606050884086 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 36 | Maria | Mulea | 8710300326085 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 37 | Murendeni Benedict | Muvhango | 9112225450083 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |
| 38 | Pfuluwani Reginah | Netshiavha | 8103041170089 | 57247-EPWP3N | Beitbridge Port of Entry Project | Infrastructure Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

The quarter 3 data reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups* *reported on the EPWP-RS by public bodies* submitted for audit might be overstated.

Non-compliance with ministerial determination 4: Expanded Public Works Programme dated 04 May 2012.

Limitation of scope in confirming the reported information pertaining to Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies.*

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

EPWP Projects are not adequately reviewed against the supporting documentation to ensure that work opportunities created are supported by valid supporting documentation

**Recommendation**

It is recommended that:

The department should increase their visibility at the public bodies and adequately review the projects at the public bodies for compliance with the Ministerial Handbook.

The department should follow up on all findings noted by the internal, external auditors and also findings from their visits to public bodies to ensure that corrective measures have been implemented.

The department should also obtain evidence from the public bodies that the corrective measures have been implemented on all other EPWP projects not selected for the audit.

**Management response**

I **am in not/ agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – NPO Far North – EPWP participants were not reported on the EPWP Q3 data

**Requirements**

Public Finance Management Act (PFMA) section 40(3)(a) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

**Nature**

During the audit Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*,the following matters were identified at EPWP projects at the NPO Far North,:

Participants included in the table below had signed contracts, were included on the attendance registers and/ or proof of payments; but were not reported on quarter 3 (April 2020 to 31 December 2020) data submitted for audit.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| 1 | Tshilidzi | Malata | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 2 | Mpho | Mbau | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 3 | Pfarelo | Muabve | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 4 | Ndanganeni | Mudau | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 5 | Nditsheni | Munjelele | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 6 | Mulalo | Muthabulu | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 7 | Seani Davina | Ndou | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 8 | Tshilidzi | Phalali | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 9 | Rofhiwa Gifty | Ratombo | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 10 | Merlene Mulalo | Sevule | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |
| 11 | Sinyosi Mukhethwa | Sinyosi | Unknown | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

Understatement of reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*.

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement effective controls to reconcile the participants on the attendance registers to the participants reported on the EPWP reporting system.

Beneficiary lists and attendance registers are not regularly reviewed to ensure that all participants are captured on EPWP reporting system.

**Recommendation**

It is recommended that:

The department should perform frequent, adequate reviews of beneficiary lists and attendance registers from the public bodies to ensure that all participants are captured on EPWP reporting system.

Management should review all EPWP projects reported on the system against the attendance registers, to ensure that all work opportunities created are reported.

**Management response**

I **am in agreement/ not in agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
|  |  |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position:

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – NPO Far North – ID, Proof of payment and attendance register were not submitted

**Requirements**

Section 40(a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 40(3)(a) of the Public Finance Management Act (PFMA) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Section 41 of the Public Finance Management Act (PFMA) furthermore states *that an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require….”*

Paragraph 15(a) to (c) of the Public Auditing Act states that: “the Auditor-General has at all reasonable times full unrestricted access to *Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee; Any of the assets of or under the control of the auditee; or Any staff member or representative of the auditee….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

The ministerial determination 4: Expanded Public Works Programme dated 04 May 2012 paragraph 12(1)(a) to (e) and 12.2 – Keeping records it states that: *“Every employer must keep a written record of at least the worker’s name and position; copy of an acceptable worker identification; in the case of task-rated worker, the number of tasks completed by the worker; in the case of a time-rated worker, the time worked by the worker; payments made to each worker. The employer must keep this record for a period of at least three years after completion of the EPWP…..”*

**Nature**

During the audit of Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups*,the following matters were identified at EPWP projects at the NPO Far North:

The following participant’s ID, proof of payment and attendance register was not provided for audit purposes.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sectors** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Merilene Mulalo | Sevule | 8905250509082 | 7014-EPWPRS | Far North Development Initiative | Non-State Sector Non Profit Organisations |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

The quarter 3 data reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups* *reported on the EPWP-RS by public bodies* submitted for audit might be overstated.

Non-compliance with ministerial determination 4: Expanded Public Works Programme dated 04 May 2012.

Limitation of scope in confirming the reported information pertaining to Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies.*

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

EPWP Projects are not adequately reviewed against the supporting documentation to ensure that work opportunities created are supported by valid supporting documentation

**Recommendation**

It is recommended that:

The department should increase their visibility at the public bodies and adequately review the projects at the public bodies for compliance with the Ministerial Handbook.

The department should follow up on all findings noted by the internal, external auditors and also findings from their visits to public bodies to ensure that corrective measures have been implemented.

The department should also obtain evidence from the public bodies that the corrective measures have been implemented on all other EPWP projects not selected for the audit.

**Management response**

I **am in not/ agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
|  |  |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – Modimolle and Mookgopong Municipality– EPWP participants were not reported on the EPWP Q3 data

**Requirements**

Public Finance Management Act (PFMA) section 40(3)(a) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

**Nature**

During the audit Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*,the following matters were identified at EPWP projects at the Modimolle and Mookgopong Municipality,:

Participants included in the table below had signed contracts, were included on the attendance registers and/ or proof of payments; but were not reported on quarter 3 (April 2020 to 31 December 2020) data submitted for audit.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Caiphus | Baloyi | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 2 | Joel | Hlaka | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 3 | Marcus | Khoza | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 4 | Willem | Khoza | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 5 | Petrus | Legoabe | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 6 | Klaas | Legong | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 7 | Onica | Mabidilala | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 8 | Sharon | Mabokachaba | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 9 | Simon | Machavha | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 10 | Olga | Makhuvha | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 11 | Abram | Malesa | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 12 | Naas | Maleto | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 14 | Moses | Mathonsi | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 15 | Kenneth | Mathye | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 16 | Piet | Mmaka | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 17 | Daniel | Mokatane | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 18 | L.J | Mokau | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 19 | Johannes | Mokhari | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 20 | Evelyn | Mokone | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 21 | Jan | Mokwena | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 22 | Sello | Molekoa | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 23 | Mabutje Jim | Molepo | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 24 | Petros Kgasane | Molewa | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 25 | Tautona | Moloi | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 26 | Cynthia | Mothupi | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 27 | Judah | Mpete | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 28 | Agnes | Mufamadi | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 29 | Thomas | Ndlovu | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 30 | David Molongisi | Ngobeni | 7704035730084 | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 31 | Nkgweng | Nkgwako | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 32 | Veronica | Nkoana | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 33 | Meso | Phuti | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 34 | Alipfali | Ramareda | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 35 | Jan | Rammutla | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 36 | Mosisa | Schoot | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 37 | Mosheri | Scott | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 38 | Emely | Setuki | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 39 | Lesiba Kleinboy | Tselane | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

Understatement of reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*.

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement effective controls to reconcile the participants on the attendance registers to the participants reported on the EPWP reporting system.

Beneficiary lists and attendance registers are not regularly reviewed to ensure that all participants are captured on EPWP reporting system.

**Recommendation**

It is recommended that:

The department should perform frequent, adequate reviews of beneficiary lists and attendance registers from the public bodies to ensure that all participants are captured on EPWP reporting system.

Management should review all EPWP projects reported on the system against the attendance registers, to ensure that all work opportunities created are reported.

**Management response**

I **am in agreement/ not in agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
|  |  |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position:

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – Modimolle and Mookgopong Municipality – IDs, proof of payments and attendance register were not submitted

**Requirements**

Section 40(a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 40(3)(a) of the Public Finance Management Act (PFMA) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Section 41 of the Public Finance Management Act (PFMA) furthermore states *that an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require….”*

Paragraph 15(a) to (c) of the Public Auditing Act states that: “the Auditor-General has at all reasonable times full unrestricted access to *Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee; Any of the assets of or under the control of the auditee; or Any staff member or representative of the auditee….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

The ministerial determination 4: Expanded Public Works Programme dated 04 May 2012 paragraph 12(1)(a) to (e) and 12.2 – Keeping records it states that: *“Every employer must keep a written record of at least the worker’s name and position; copy of an acceptable worker identification; in the case of task-rated worker, the number of tasks completed by the worker; in the case of a time-rated worker, the time worked by the worker; payments made to each worker. The employer must keep this record for a period of at least three years after completion of the EPWP…..”*

**Nature**

During the audit of Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups*,the following matters were identified at EPWP projects at the Modimolle and Mookgopong Municipality:

1. The following participants proof of payment was not provided for audit purposes.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Sadi Emily | Nkanyane | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 2 | Mzamane George | Sethole | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 3 | Jonas Dikobo Nteseng | Motshabli | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 4 | Sammu Meckson | Setshedi | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 5 | Nditsheni Agnes | Shirinda | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 6 | Seshego Robert | Manaso | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |

1. The following participant attendance register was not provided for audit purposes.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sectors** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Nditsheni Agnes | Shirinda | Unknown | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |

1. The following participants’ identity document was not provided for audit purposes.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| 1 | Gabriel | Mashala | 8411235281087 | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 2 | Daniel Dipolelo | Motshana | 8407065481086 | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 3 | Sasa Portia | Mawela | 8612010866089 | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |
| 4 | Piet Resemate | Maluleka | 7906135853084 | 102958-EPWP3M | Modimolle-mookgopong Security | Social Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

The quarter 3 data reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups* *reported on the EPWP-RS by public bodies* submitted for audit might be overstated.

Non-compliance with ministerial determination 4: Expanded Public Works Programme dated 04 May 2012.

Limitation of scope in confirming the reported information pertaining to Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies.*

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

EPWP Projects are not adequately reviewed against the supporting documentation to ensure that work opportunities created are supported by valid supporting documentation

**Recommendation**

It is recommended that:

The department should increase their visibility at the public bodies and adequately review the projects at the public bodies for compliance with the Ministerial Handbook.

The department should follow up on all findings noted by the internal, external auditors and also findings from their visits to public bodies to ensure that corrective measures have been implemented.

The department should also obtain evidence from the public bodies that the corrective measures have been implemented on all other EPWP projects not selected for the audit.

**Management response**

I **am in not/ agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
|  |  |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – Molemole Municipality – EPWP participants were not reported on the EPWP Q3 data.

**Requirements**

Public Finance Management Act (PFMA) section 40(3)(a) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

**Nature**

During the audit Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*,the following matters were identified at EPWP projects at the Molemole Municipality:

Participants included in the table below had signed contracts, were included on the attendance registers and/ or proof of payments; but were not reported on quarter 3 (April 2020 to 31 December 2020) data submitted for audit.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| 1 | Semonia Seleke | Lamola | 7710140591089 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 2 | Selelo Stephina | Ralephenya | 7508051136088 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 3 | Mapilwane Hildah | Mokgalapa | 8508210442087 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 4 | Moroka Evans | Machete | 8507025948080 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 5 | Mamafa Hellen | Pheeha | 9004221030086 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 6 | Phosa Arxchibald | Matjee | 9203065866080 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 7 | Mapula Perfedia | Monyepao | 8201110797087 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 9 | Florance | Morongwa | 9510080485088 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

Understatement of reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies*.

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement effective controls to reconcile the participants on the attendance registers to the participants reported on the EPWP reporting system.

Beneficiary lists and attendance registers are not regularly reviewed to ensure that all participants are captured on EPWP reporting system.

**Recommendation**

It is recommended that:

The department should perform frequent, adequate reviews of beneficiary lists and attendance registers from the public bodies to ensure that all participants are captured on EPWP reporting system.

Management should review all EPWP projects reported on the system against the attendance registers, to ensure that all work opportunities created are reported.

**Management response**

I **am in agreement/ not in agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position:

Date:

**Auditor’s conclusion**

Management response is outstanding

EPWP – Molemole Municipality – Proof of payments were not submitted

**Requirements**

Section 40(a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 40(3)(a) of the Public Finance Management Act (PFMA) states that: *“The annual report and audited financial statements referred to in subsection (1)(d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned….”*

Section 41 of the Public Finance Management Act (PFMA) furthermore states *that an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require….”*

Paragraph 15(a) to (c) of the Public Auditing Act states that: “the Auditor-General has at all reasonable times full unrestricted access to *Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee; Any of the assets of or under the control of the auditee; or Any staff member or representative of the auditee….”*

Technical indicator description – method of calculation states that: *“Aggregate work opportunities reported/ created by public bodies. Work opportunity is paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as work opportunity……*”

The ministerial determination 4: Expanded Public Works Programme dated 04 May 2012 paragraph 12(1)(a) to (e) and 12.2 – Keeping records it states that: *“Every employer must keep a written record of at least the worker’s name and position; copy of an acceptable worker identification; in the case of task-rated worker, the number of tasks completed by the worker; in the case of a time-rated worker, the time worked by the worker; payments made to each worker. The employer must keep this record for a period of at least three years after completion of the EPWP…..”*

**Nature**

During the audit of Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups*,the following matter was identified at EPWP projects at the Molemole Municipality:

The following participants proof of payment was not provided for audit purposes.

| **No** | **Name** | **Surname** | **ID** | **Project Code** | **Project Name** | **Sector** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Mokgoba Johannes | Maphala | 6706235476088 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 2 | Mmaphuti Francina | Sefole | 7906021121083 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |
| 3 | Irish Kwena | Molele | 8809200996086 | 92544-EPWP3M | IG Molemole cleaning | Environment and Culture Sector |

**Impact of the finding**

Non-compliance with PFMA section 40(3) (a)

The quarter 3 data reported performance for Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups* *reported on the EPWP-RS by public bodies* submitted for audit might be overstated.

Non-compliance with ministerial determination 4: Expanded Public Works Programme dated 04 May 2012.

Limitation of scope in confirming the reported information pertaining to Indicator 3.1 *Number of work opportunities reported in the EPWP-RS by public bodies* and Indicator 3.2 *Percentage EPWP participation among designated groups reported in the EPWP-RS by public bodies.*

**Internal control deficiency**

*Financial and Performance Management*

The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

EPWP Projects are not adequately reviewed against the supporting documentation to ensure that work opportunities created are supported by valid supporting documentation

**Recommendation**

It is recommended that:

The department should increase their visibility at the public bodies and adequately review the projects at the public bodies for compliance with the Ministerial Handbook.

The department should follow up on all findings noted by the internal, external auditors and also findings from their visits to public bodies to ensure that corrective measures have been implemented.

The department should also obtain evidence from the public bodies that the corrective measures have been implemented on all other EPWP projects not selected for the audit.

**Management response**

I **am in not/ agreement** with the finding for the following reasons [and supply the following/attached information in support of this]:

| **Description** | **Response** | |
| --- | --- | --- |
| Corrective action to be taken |  | |
| Does the finding affect an amount disclosed in the financial statements | **Yes** | **No** |
| If yes, what corrections will be made to the population |  | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in future. |  | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | |
| Acknowledgement that additional audit costs will be incurred in order to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | **Yes** | **No** |
|  |  |
|  | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | |
| Position of official responsible to take corrective actions |  | |
| Estimated completion date for corrective action |  | |
| Does management agree with the root cause indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the root cause indicated, please provide the root cause according to management. |  | |
| Does management agree with the internal control deficiencies indicated | **Yes** | **No** |
|  |  |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | |

Name:

Position

Date:

**Auditor’s conclusion**

Management response is outstanding

Deviation register not complete – Shereno Printers CC not included in the deviation register

**Requirements:**

1. The Public Finance Management Act (PFMA) section 38(1)(a)(i) state that: *“The accounting officer for a department must ensure that the department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*
2. The Public Finance Management Act (PFMA) section 40(1)(a)(i) state that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards…”*
3. *The National Treasury SCM Instruction Note 2 of 2016-2017 paragraph 4.1.2.2 states that: “The accounting officer must report on all acquisitions concluded through the deviation procurement method.”*

**Nature**

With the supply chain management (SCM) business process walkthrough it is noted that Shereno Printers CC were appointed through a deviation approval dated 25 August 2020 about EPWP phase 4 monitoring evaluation framework design/layout/editing/proofreading, however, the quotation was not included in the Deviation Register (8 December 2020) as per request for information no. 5 dated 7 December 2020.

The deviation was also traced to the National Treasury’s website for deviations concluded for the second quarter (1 July to 30 September 2020) of the 2020/21 financial year and the deviation was not included in the report issued by National Treasury.

**Cause**

Management erroneously omitted the quotation when compiling the deviation register.

Management did not adequately review the deviation register to ensure all procurements concluded through deviations are included in the register.

**Impact**

This resulted in an internal control deficiency as the deviation register is not complete.

The deviation was not reported to National Treasury as it was not included in the deviation register used for reporting purposes, resulted in non-compliance with National Treasury SCM Instruction Note 2 of 2016-2017.

**Internal control deficiency**

*Financial and performance management*

Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure that the deviation register is complete.

Management did not review and monitor compliance with applicable laws and regulations.

**Recommendation**

It is recommended that:

All procurement files approved by the Chief Director must be returned to the Director: Acquisition Goods and Service for recording purposes on the deviation register in preventing the re-occurrence of this issue.

Management should investigate the population to ensure all deviations are reported, update the deviation register and provide the updated register for audit purposes.

**Management response**

I am in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

| Description | Response | | | |
| --- | --- | --- | --- | --- |
| Corrective action to be taken | Yes | | | |
| Does the finding affect an amount disclosed in the financial statements | Yes | | No | |
|  | | x | |
| If yes, what corrections will be made to the population |  | | | |
| If yes, the process followed to correct the population, including the internal controls put in place to ensure that the misstatement does not recur in the future. |  | | | |
| If yes and the population was adjusted, the proposed adjusting journal entries to correct the population, with the supporting documentation. |  | | | |
| Acknowledgment that additional audit costs will be incurred to audit the proposed adjustments and that the financial statements will not be adjusted if material misstatements still exist. (Under these circumstances the misstatements identified originally will be reported by the auditor.) | Yes | | | No |
|  | | | x |
|  | | | |
| If yes and no corrections will be made, the reason why such a conclusion has been reached should be indicated. |  | | | |
| Position of official response to take corrective actions |  | | | |
| Estimated completion date for corrective action |  | | | |
| Does management agree with the internal control deficiencies indicated | Yes | No | | |
| x |  | | |
| If management does not agree with the internal control deficiency indicated, please provide the internal control deficiency according to management. |  | | | |

Name: Xolani Makhonco

Position: Acting Director: SCM Goods and services

Date: 01st April 2021

**Auditor’s conclusion**

Management responses have been noted, I have inspected the Consolidated Quotation Report April 2020 to March 2021 submitted as part of the response and noted that Shereno Printers CC was included in the register as a deviation. Therefore, the finding has been resolved.

However, the finding relating to the deviation not reported to National Treasury remains valid for the following reasons:

* As per*The National Treasury SCM Instruction Note 2 of 2016-2017 paragraph 4.1.2.2 states that: “The accounting officer must report on all acquisitions concluded through the deviation procurement method.”* Management is therefore required to report to National Treasury all procurement concluded through deviations irrespective of the quoted amount.
* National Treasury Practice Note No 06 of 2007/2008 only applies to deviations from competitive bidding process that are above R1 million. Therefore, the reporting of procurement concluded through deviation for quotations is not affected by Practice Note No 06 of 2007/2008.