

1. Report of the Ad Hoc Committee looking into the intervention in North West Province in terms of Section 100 of the Constitution after the briefings by the relevant stake holders; Dated 30 October 2018

TABLE OF CONTENTS

1. LIST OF ACRONYMS

2. INTRODUCTION

3. BACKGROUND⁵

- 3.1. The mandate of the NCOP
- 3.2. Constitutional provisions on interventions
- 3.3. NCOP Rules of interventions
- 3.4. Sequence of events

4. ENGAGEMENTS WITH THE INTER-MINISTERIAL TASK TEAM ON 14 JUNE 2018

- 4.1. Provincial Department of Finance, Economy and Enterprise Development (FEED) [under Section 100 (1)(a)]
- 4.2. Office of the Premier (OOP) [Section 100 (1)(b)]
- 4.3. Department of Community Safety and Transport Management [Section 100 (1)(b)]
- 4.4. Department of Education and Sport Development [Section 100(1)(b)]
- 4.5. Department of Health [Section 100(1)(b)]
- 4.6. Department of Public Works [Section 100(1)(b)]
- 4.7. IMTT received the following allegations during the stakeholder engagements

5. PRESENTATIONS BY NATIONAL TREASURY AND THE AUDITOR-GENERAL ON THE 27TH OF JUNE 2018

- 5.1. National Treasury presented the following provincial expenditure trends:
 - 5.1.1. National Treasury Findings and observations per department
- 5.2. Observations and findings from the presentation by the Auditor-General

6. GENERAL OBSERVATIONS BY THE COMMITTEE

7. OBSERVATIONS AND FINDINGS DURING THE FOLLOW-UP MEETING WITH THE INTER-MINISTERIAL TASK TEAM ON 16 AUGUST 2018

- 7.1. Progress reports
- 7.2. Observations and findings within the Office of the Premier
- 7.3. Observations and findings within Provincial Department of Health
- 7.4. Observations and findings within Provincial Department of Education and Sports Development

7.5. Observations and findings within Provincial Department of Community Safety and Transport

7.6. Observations and findings within Provincial Department of Public Works and Roads

8. OVERSIGHT VISIT TO THE NORTH WEST PROVINCE

8.1. Observations and findings made with regard to site visits falling under the North West Department of Health

8.1.1. Mafikeng Provincial Hospital

8.1.1.1. The rationale for the visit to the project

8.2. Observations and findings made with regard to site visits falling under the Department of Education

8.3. Observations and findings within Provincial Department of Community Safety and Transport

8.3.1. Madibogo-pan bridge and road

8.3.2. Scholar Transport Programme in Vyfhoek Primary School

8.3.2.1. Rationale for the visit

8.3.2.2. Profile of the site (refer to the presentation)

8.3.2.3. Observations/findings

8.3.2.4. Recommendations

8.4. Observations and findings within Provincial Department of Public Works and Roads

8.4.1. Dr Kennet Kaunda District Office for the Department of Public Works and Roads

8.4.1.1. Rationale for the visit

8.4.1.2. Profile of the site (refer to the presentation)

8.4.1.3. Observations/findings

8.4.1.4. Recommendations

8.5. Observations and findings within Provincial Department of Social Development

8.5.1. Department of Social Development District Office in Mahikeng

8.5.1.1. Rationale for the visit

8.5.1.2. Profile of the site (refer to the presentation)

8.5.1.3. Observations/findings

8.5.1.4. Recommendations

8.5.2. Department of Social Development Matlosana Service point

8.5.2.1. Rationale for the visit

8.5.2.2. Profile of the site (refer to the presentation)

8.5.2.3. Observations/findings

8.5.2.4. Recommendations

-
- 8.6. Observations and findings within Provincial Local Government and Human Settlements
 - 8.6.1. Ditsobotla local municipality – Lichtenburg waste water treatment works
 - 8.6.1.1. The rationale for the visit
 - 8.6.1.2. Profile of the site (refer to the presentation)
 - 8.6.1.3. Observations/findings
 - 8.6.1.4. Recommendations
 - 8.7. Observations and findings from engagements with organised labour
 - 8.7.1. The meeting with Nehawu provincial leadership
 - 8.8. Observations and findings from engagements with community stakeholders
 - 8.8.1. Community engagements in Mahikeng
 - 8.8.2. Community engagements in Klerksdorp

9. CONCLUSION

- 9.1. Committee Resolutions

1. LIST OF ACRONYMS

Acronym	
AGSA	Auditor-General of South Africa
CEOs	Chief Executive Officers
CFO	Chief Financial Officer
DAFF	Department of Agriculture, Forestry and Fisheries (national)
DCoG	Department of Cooperative Governance (national)
DG	Director-General
DLGHS	Department of Local Government and Human Settlements (provincial)
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service Administration
DSD	Department of Social Development (provincial)
EMS	Emergency Medical Services
FEED	Department of Finance, Economy and Enterprise Development (provincial)
GT	Government Transport
GIAMA	Government Immovable Assets Management Act
HoDs	Heads of Departments

HSDG	Human Settlement Development Grant
ICT	Information, Communication and Technology
IMTT	Inter-Ministerial Task Team
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act No.56 of 2003
MISA	Municipal Infrastructure Support Agency
MOU	Memorandum of Understanding
MPACs	Municipal Public Account Committees
MPAT	Management Performance Assessment Tool
MSA	Municipal Systems Act No.32 of 2000
mSCOA	Municipal Standard Chart of Accounts
NCOP	National Council of Provinces
NPOs	Non-profit Organisations
NT	National Treasury
NWDC	North West Development Cooperation
NWPG	North West Provincial Government
OCPO	Office of the Chief Procurement Officer
OHS	Occupational Health and Safety
OSD	Occupational Specific Dispensation
PAAP	Post Audit Action Plan
PFMA	Public Finance Management Act No. 1 of 1999
PHC	Public Health Clinic
PICOCO	Provincial Infrastructure Coordinating Council
PMDS	Performance Management Development System
PMUs	Project Management Units
PRMG	Provincial Roads Maintenance Grant
PT	Provincial Treasury
READ	Department of Rural, Environment and Agricultural Development (provincial)
SCM	Supply Chain Management
SGBs	School Governing Bodies
SOEs	State-owned Enterprises
OOP	The Office of the Premier
UIF&W	Unauthorised, Irregular, fruitless and wasteful expenditure

The Ad Hoc Committee looking into the intervention in North West Province, having considered the intervention by the National Executive in terms of section 100(1) of the Constitution, referred to it, reports as follows:

2. INTRODUCTION

Due to several governance challenges that were observed in the North West Province, the Cabinet resolved, on 9 May 2018, to invoke section 100(1) of the Constitution in the North West Provincial Government. The Cabinet set up an Inter-Ministerial Task Team (IMTT) on the North West province to conduct performance assessments.

Pursuant to the IMTT's assessment, on 23 May 2018, Cabinet approved the invocation of Section 100(1)(a) and Section 100(1)(b) on the following 10 departments in the North West Province:

Section 100 (1)(a): Department of Finance, Economy and Enterprise Development (FEED); Department of Local Government and Human Settlement; Department of Rural, Environment and Agricultural Development (READ); Department of Social Development and Department of Tourism.

Section 100 (1)(b): Office of the Premier; Department of Community Safety and Transport Management; Department of Basic Education and Sports Development; Department of Health; and Department of Public Works and Roads.

3. BACKGROUND

3.1. The mandate of the NCOP

Section 42 (4) of the Constitution states that the National Council of Provinces represents the provinces, and ensures that provincial interests are taken into account in the national sphere of government. It does this mainly by participating in the national legislative process and by providing a national forum for public consideration of issues affecting the provinces.

The constitutional role of the NCOP is to provide an effective bridge between provinces and the national sphere of government, and to contribute to the realisation of the constitutional commitments to co-operative and effective government.

Furthermore, it is imperative to point out that the Committee has been established to facilitate inquiries and conduct oversight in terms of Section 100 of the Constitution in order to pronounce on whether the intervention in the North West Provincial Government is indeed warranted. In addition, as is included in the final clause of this report, are recommendations proffered by the

Committee in order to give meaningful effect to its purpose and mandate, as well as the implementation, monitoring and evaluation of the intervention. To this end it is worthwhile that Section 100(2) of the Constitution is highlighted, which provides that:

If the national executive intervenes in a province in terms of subsection (1)(b)—

(a) it must submit a written notice of the intervention to the National Council of Provinces within 14 days after the intervention began;

(b) the intervention must end if the Council disapproves the intervention within 180 days after the intervention began or by the end of that period has not approved the intervention; and

(c) the Council must, while the intervention continues, review the intervention regularly and may make any appropriate recommendations to the national executive.

The NCOP Rule 254 gives effect to this section as illustrated below.

3.2. Constitutional provisions on interventions

In terms of Section 100 of the Constitution national interventions in a provincial administration may take place when a province cannot or does not fulfil an executive obligation in terms of the Constitution or legislation.

The Constitution provides that national executive may intervene by taking any appropriate steps to ensure the fulfilment of the obligation. The steps taken by the national executive may include:

100 (1) (a) - Issuing a directive to the provincial executive, describing the extent of the failure to fulfil its obligations and stating any steps required to meet its obligations; and

100 (1) (b)- Assuming responsibility for the relevant obligation in that province to the extent necessary to-

Maintain essential national standards or meet established minimum standards for the rendering of a service; maintain economic unity; maintain national security; or prevent that province from taking unreasonable action that is prejudicial to the interests of another province or to the country as a whole.

3.3. NCOP Rules of interventions

Rule 254 of the NCOP provides that:

- (1) Whenever the national executive intervenes in a provincial executive in terms of section 100 (1)(b) of the Constitution, the Cabinet member responsible for provincial affairs must submit a written notice of the intervention in the Council within 14 days after the intervention began.
- (2) The notice must be accompanied by a memorandum explaining the reasons for the intervention.
- (3) The Chairperson of the Council must refer the matter to the appropriate committee of the Council.

Rule 254(4) of the NCOP provides that:

The Committee must –

- (a) Investigate whether or not the intervention was necessary;*
- (b) Afford the provincial administration concerned and the national executive each the opportunity to state their case;*
- (c) Confer with the select committee responsible for financial matters, if the intervention is for the purpose of maintaining economic unity;*
- (d) Confer with the select committee responsible for security matters, if the intervention is for the purpose of maintaining national security; and*
- (e) Report to the Council within 180 days of the report having been referred to it.*

Rule 254(5) of the NCOP provides that:

The report of the Committee must –

- (a) Contain a recommendation whether or not the intervention should be approved; and*
- (b) Be placed on the Order Paper for consideration.*

3.4. Sequence of events

Following the notice on an intervention by the National Executive in North West province in terms of section 100(1) an Ad Hoc Committee was established by the NCOP on 17 May 2018. On 29

May 2018 members of the Committee were appointed and the committee had the first meeting on 30 May 2018 to elect the Chairperson and also develop the program.

The Committee had a meeting with the IMTT on 14 June 2018 and the North West Provincial delegation on 27 June 2018. During this meeting the committee also received input from the National Treasury and the Auditor-General. The Committee met again with the IMTT on 16 August 2018 to receive a progress report.

The Committee further conducted an oversight visit to North West during the period 15 – 19 October 2018. During the oversight the committee conducted site visits around Mahikeng and Klerksdorp. The site visits included provincial departments which were under intervention in terms of Section 100(1)(b) which include the education, health, public works, roads and transport sectors, as well as the Department of Social Development given that labour unrest resulted in the shutdown of the district office. In order to cover maximum intervention sites, the delegation was divided into two groups – Group 1 was in Klerksdorp while Group 2 was in Mahikeng.

4. ENGAGEMENTS WITH THE INTER-MINISTERIAL TASK TEAM ON 14 JUNE 2018

4.1. Provincial Department of Finance, Economy and Enterprise Development (FEED) [under Section 100 (1)(a)]

Stakeholder	Observations/findings
Engagement with IMTT on 14 June 2018	<p>There were major weaknesses in supply chain management (SCM) and in the monitoring and support of municipal finance management.</p> <p>Financial controls in the finance cluster have collapsed due to historically accumulated unauthorised expenditure, irregular expenditure and accruals. This was largely due to non-compliance with SCM laws and regulations.</p> <p>Although the Provincial Treasury itself received clean audit it was however found having weaknesses in its fiscal oversight role.</p> <p>Provincial Audit Outcomes were as follows: Unauthorised expenditure of R384.8 million during 2017/18. Accruals of R1.1 billion as at the beginning of 2017/18 financial year; and</p>

	Accumulated irregular expenditure of R15.3 billion as at 31 March 2017.
Proposed intervention plan	<p>The need to capacitate SCM in provincial departments and entities;</p> <p>The need to strengthen SCM processes and systems as well as redressing the irregular expenditure in departments and entities;</p> <p>The need to rationalise the number of NW public entities;</p> <p>Strengthening Local Government Municipal Finance Management Act (MFMA) Unit; and</p> <p>Embarking on improving governance structures, planning and budgeting, revenue management, compliance with SCM processes and audit outcomes of municipalities.</p>
Submissions by North West provincial Government on 27 June 2018	<p>Provincial Treasury is implementing the Post Audit Action Plan (PAAP) to assist departments with overall progress in implementing PAAP as at 74% as at 26 May 2018;</p> <p>Impact of Provincial Treasury support is not visible due to limited capacity of the MFMA unit;</p> <p>Lack of uniformity with regard to SCM business process while the SCM model policy is awaiting approval;</p> <p>The NW Provincial Internal Audit function is adequately resourced, skilled and experienced;</p> <p>The department has maintained a clean audit in past 4 years;</p> <p>Rationalisation of public entities is currently underway; and</p> <p>Sound cash management is maintained in the province though the Provincial Treasury is also concerned with the deteriorating performance of some departments especially with regard to service delivery.</p>

4.2. Office of the Premier (OOP) [Section 100 (1)(b)]

Stakeholder	Observations/findings
Engagement with IMTT on 14 June 2018	Failed to provide effective oversight and leadership to service delivery departments;

	<p>The office had an ineffective ICT governance;</p> <p>The office established about 7 Project Management Units (PMUs) that subsequently entered into illegal contracts,</p> <p>The ineffectiveness of the PMUs in contract management, included transactions where payments were made for services not rendered;</p> <p>There was a lack of enforcement of the recommendations and consequence management of the Auditor General of South Africa (AGSA) and the Public Service Commission.</p> <p>The Premier led village, township and small dorpiess (VTSD) and Setsokotsane programmes were found to be the reasons for the weakened intergovernmental structures in the province; and</p> <p>Department incurred an irregular expenditure of R19.9 million.</p>
<p>Proposed intervention plan</p>	<p>Reviewing all existing delegations in the Office of the Premier;</p> <p>Ensuring that all Provincial Departments develop Service Delivery Improvement Plans;</p> <p>Conducting an audit of ICT systems within the Province;</p> <p>Doing a detailed planning and risk assessment of the intervention within the province;</p> <p>Assessment of all PMU contracts and outsourced government business in the Province;</p> <p>Urgently addressing the breakdown of relations with workers and communities;</p> <p>Providing frequent feedback to the OTP and management in all provincial departments on the status of the intervention to prevent misinformation; and</p>

	Development of a costed and time-bound plan for the intervention in the Office of the Premier.
Submissions by North West provincial Government on 27 June 2018	<p>Governance Structures in Bokone Bophirima include Premier's Coordinating Council (BBPCC) and Provincial Infrastructure Coordinating Council (PICOCO), Executive Council Technical Support, CFO Forum, central internal audit unit, etc;</p> <p>There is proper institutional capacity within the province and all departments have HoDs and majority of SMS positions are filled;</p> <p>There is a healthy political-administrative interface within the province;</p> <p>Monitoring & Evaluation system within the system within the province is not supported by an adequate early warning mechanism;</p> <p>District offices tasked with service delivery monitoring and intervention are not adequately effective;</p> <p>There are, however, weaknesses in the implementation of Batho Pele principles within the province;</p> <p>Level of responsiveness by local government to EXCO is not satisfactory; and</p> <p>Community Development Workers were found to be not as effective and efficient as intended.</p>

4.3. Department of Community Safety and Transport Management [Section 100 (1)(b)]

Stakeholder	Observations/findings
Engagement with IMTT on 14 June 2018	<p>There is a poor record management;</p> <p>There are financial management deficiencies;</p> <p>There is non-compliance with SCM prescripts;</p> <p>There is a lack of oversight for SOEs; and</p> <p>There is mismanagement of Scholar Transport and commuter transport;</p>

	<p>Assessment of Community Safety component revealed key findings related to under-expenditure of the budget and the lack of Human Resource capacity; and</p> <p>The department incurred irregular expenditure of R880.2 million.</p>
Proposed intervention plan	<p>Need for forensic investigations into the Transport function;</p> <p>Need to cap analysis on SCM policy and procedures and internal controls;</p> <p>Need to review of strategic planning and budget and ensure alignment;</p> <p>Plan to review and update risk assessment registers;</p> <p>Need for the identification and assessment of cost containment measures to be put in place;</p> <p>Development of project management of infrastructure projects;</p> <p>Plans to review Provincial Owned Entities (POEs) and their relevance;</p> <p>Ensuring compliance audit guidelines;</p> <p>Need for skills assessment; and</p> <p>Need to strengthen management of conditional grants.</p>
Submissions by North West provincial Government on 27 June 2018	<p>All internal processes in relation to the Development of the new Organisational structure were finalised and submitted for approval;</p> <p>The province implements an audit action plan on an annual basis;</p> <p>Supply chain management, compliance checklist is being implemented;</p> <p>The Department has established an internal advisory committee to investigate the circumstances leading to the irregular expenditure;</p> <p>The Department has a dedicated unit on Monitoring and Evaluation though there is a general challenge in relation to the evaluation function;</p> <p>About 87.53% of the irregular expenditure in the department relates to the commuter and scholar transport service contracts; and</p> <p>The section100 1(b) intervention teams (MOA signed) are expected to assume office on Monday of the 2nd July 2018.</p>

4.4. Department of Education and Sport Development [Section 100(1)(b)]

Stakeholder	Observations/findings
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<p>Engagement with IMTT on 14 June 2018</p>	<p>There has been non-compliance with supply chain management processes with significant irregular expenditure incurred;</p> <p>The Department failed to implement service delivery programmes; and</p> <p>Department incurred an irregular expenditure of R223.7 million.</p>
<p>Proposed intervention plan</p>	<p>Plans to address matters of emphasis from AGSA's Report and MPAT;</p> <p>Strengthening Financial Management within the department;</p> <p>Addressing human resource management and Development challenges as well as Curriculum Management and Delivery;</p> <p>Need for effective and efficient management of the Conditional Grants;</p> <p>Effective implementation of the early childhood development;</p> <p>Strengthening district coordination and also strengthening the infrastructure delivery; and</p> <p>Strengthening the national school nutrition programme and learner transport programme.</p>
<p>Submissions by North West provincial Government on 27 June 2018</p>	<p>The department is effective and efficient as intended;</p> <p>The organisational structure was approved in March 2017 but currently there is an impasse with labour as some issues are still outstanding,</p> <p>There are efforts to strengthen risk management by filling all vacancies in the unit;</p> <p>There are efforts for the capacitation of the internal control unit in order to improve detection and prevention of non-compliance with laws and regulations;</p> <p>Efforts are made to fast-track investigation of irregular and fruitless and wasteful expenditure and audit committee has been appointed;</p> <p>Improvement plans for MPAT have been developed and reports are made on quarterly reviews;</p> <p>There is lack of maintenance budget for school infrastructure from the equitable share to augment the Conditional Grant; and</p> <p>There is a sound relationship with unions and stakeholders as well as SGBs.</p>

4.5. Department of Health [Section 100(1)(b)]

Stakeholder	Observations/findings
<p>Engagement with IMTT on 14 June 2018</p>	<p>The National Department of Health (DoH) has already been in the Province for several months and has appointed an Administrator for the North West DoH;</p> <p>It was found that there is a widespread collapse of internal governance structures and also the absence of effective supply chain management as well as expenditure and financial controls within the department; and</p> <p>The department incurred irregular expenditure of R714.9 million, unauthorised of R99.6 million and fruitless and wasteful expenditure of R77.3 million.</p>
<p>Proposed intervention plan</p>	<p>Strengthening supply chain management by focusing on identifying potential risks associated with corruption and initiation of disciplinary and criminal proceedings, where applicable;</p> <p>Strengthening financial management and also conducting diagnostic assessments by investigating the root causes of poor financial management;</p> <p>The diagnosis will focus on internal governance, including leadership and management and organizational arrangements;</p> <p>Strengthening monitoring and evaluation of the progress of projects and sustainability of projects after the intervention;</p> <p>Reviewing the organizational structure of the department and conducting a head count verification;</p> <p>Restoring services and bringing about order as well as to provide labour peace, including improvement on the organizational ethics;</p> <p>Formulating and implementing recovery plans to strengthen good administrative practices based on the findings from the assessments conducted.</p>
<p>Submissions by North West Provincial</p>	<p>The NWDoH has to be rebuilt into an organisation that can comfortably fulfil its mandate of health promotion, disease prevention and health service provision;</p>

<p>Government on 27 June 2018</p>	<p>This can be done within the next 18 months provided that required resources for building and sustaining such an organisation is made available;</p> <p>The department will review the proposed organizational structure and also determine the priority vacant and funded posts as well as engaging labour on the revised structure by 23/03/2019;</p> <p>The department will investigate all contracts and address irregularities; the planned completion date is 30/09/2018</p> <p>The department will review the audit improvement action plan for 2017/18;</p> <p>There are plans to review and align procurement plan with budget and also to align budget with service package; and</p> <p>The department will ensure that key posts (CEO, clinical manager, nursing service manager, head of administration, clinical support) are filled.</p>
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4.6. Department of Public Works [Section 100(1)(b)]

Stake holder	Observations/findings
<p>Engagement with IMTT on 14 June 2018</p>	<p>The Department has reduced the scope of its mandate over time and deviated from its role as custodian of the asset management plan;</p> <p>Interference in procurement of services for unfunded mandates;</p> <p>There has been an ineffective financial management within the department;</p> <p>The maintenance budget for roads was consumed by unfunded mandates emanating from the Premier's Office, which aggravated backlogs in road maintenance;</p> <p>The department did not have technical expertise within the built the environment unit; and</p> <p>The department incurred an irregular expenditure of R550.7 million.</p>
<p>Proposed intervention plan</p>	<p>Making sure the department reclaims its infrastructure development mandate and also centralise some of its roles and responsibilities in line with the provisions of GIAMA including capacity building for technical professional skills;</p> <p>Establishing a client management unit within the department;</p>

	<p>To require a focused planning, monitoring and implementation model for infrastructure projects as well as proper controls and accountability on all previously planned projects and also establish systems to manage facilities and maintenance as per their mandate;</p> <p>Putting a clearly structured facility management and maintenance plan coupled with the appointment of competent service providers (term contracts);</p> <p>Identifying the source of accumulated irregular expenditure amounting to R3.4 billion as at 2017/18; and</p> <p>Review of the SCM organisational structure to ensure that it provides for adequate segregation of duties and redesign if required.</p>
<p>Submissions by North West provincial Government on 27 June 2018</p>	<p>Governance structures are in place such as functional management committee, SCM committees, committee dealing with risk management, ICT and fraud & ethics, PMDS and audit steering committees. Further, a dedicated unit is in place to deal with matters of monitoring & evaluation;</p> <p>Average infrastructure spending for the period 2014 to 2016 is 91% of the allocated R17.5 billion;</p> <p>Currently the department is relying mainly on the external resources for technical expertise (13% vacancy rate) and currently working on an interim structure;</p> <p>To address incidences of irregular expenditure, a number of investigations are underway for prior years' multi-year contracts;</p> <p>The backlog in infrastructure (both roads and buildings) has created an increased demand for service delivery; and</p> <p>The maintenance backlog is also increasing with respect of both buildings and roads.</p>

4.7. IMTT received the following allegations during the stakeholder engagements

4.7.1 Reports of insufficient and ineffective governance (including political oversight);

4.7.2 Reports of widespread corruption;

- 4.7.3 Poor and lack of service delivery as a result of flawed implementation of the provincial and municipal budgets;
- 4.7.4 Alleged appointment of incompetent officials in critical / key vacancies;
- 4.7.5 Lack of consequence management and investigation into reported fraudulent practices;
- 4.7.6 Reports of dysfunctional municipalities; and
- 4.7.7 Concerns with the unemployment and lack of support for youth initiatives.

5. PRESENTATIONS BY NATIONAL TREASURY AND THE AUDITOR-GENERAL ON THE 27TH OF JUNE 2018

5.1. National Treasury presented the following provincial expenditure trends:

- The cash balances for the province have been positive for the past 7 years - the province had a cash balance of R1.4 billion at the end of 2017/18;
- The implementation of a moratorium assisted to curb the increase in headcount and brought down overspending in Coe for Health, Education and Sports Development and Public Works and Roads;
- Underspending on, the Human Settlement Development Grant (HSDG) and Provincial Roads Maintenance Grant (PRMG) a concern and these grants have been consistently underspending in the past two years due to poor planning and challenges in supply chain management processes;
- Resource allocation to the Office of the Premier (OTP) has increased significantly in recent years. Growth in the OTP is largely due to the OTP assuming the role of an implementing body (areas such as infrastructure projects) in addition to developing policies and managing institutions. Furthermore, the shifting of NW Parks and Tourism Board and NW Development Corporation;
- Poor compliance with laws and regulations on SCM;
- An accumulated irregular expenditure came to R15.3 billion as at 31 March 2017 and was growing consistently at the average of R2.1 billion from R8.6 billion in 2013/14 to R15.3 billion in 2016/17. Key contributors are Health (R6.4 billion), Public Works and Roads (R3.4 billion), Community Safety and Transport Management (R3.7 billion), Education and Sport Development (R946 million), Office of the Premier (R535 million) and Rural, Environment and Agricultural Development (R413 million);

- The accumulated fruitless and wasteful expenditure of R174 million as at 31 March 2017 was increased mainly from Health, Office of the Premier and Public Works and Roads.
- Accumulated unauthorised expenditure amounted to R384.8 million as at March 2018. Key contributors were Health, Community Safety and Transport Management and Education and Sport Development;
- Accruals amounting to R1.1 billion was recorded at the beginning of 2017/18. Key contributors are in the Departments of Health, Community Safety and Transport Management and Public Works and Roads; and
- While consequence management and investigations were in progress, it was found, however, that in most cases no disciplinary steps were taken.

5.1.1. National Treasury Findings and observations per department

Department/ entity	Observations and findings
Office of the Premier	<p>Failure to provide effective oversight and leadership to service delivery departments;</p> <p>Poor performance of centralised or transversal functions(ICT);</p> <p>Key priorities spending without an original budget (NWDC R30 million and YES R55million);</p> <p>Intimidation of provincial departments such as using liar detectors for finance personnel;</p> <p>Lack of effective mechanisms to hold executive and officials accountable for misuse of public funds by PMUs and poor service delivery; and</p> <p>Diverting funds from social services (R10 million cuts across all provincial departments) and contribution to increased T&S spending (Setsokotsane projects).</p>
Provincial Department of Health	<p>The Department had demand and procurement plans of poor quality;</p> <p>Contract management was found weak to non-existent;</p> <p>Use of procurement system which is manual and paper based with little visibility of SCM risks and performance management;</p>

	<p>Overcommitted health infrastructure projects such as new accommodation for staff in Brits Hospital, New accommodation for staff in Bophelong Psychiatric Hospital, Sekhing CHC, 7 Boitekong CHC, Mathibestadt CHC, New Jouberton CHC, New Mmakaunyana Clinic, New Weltevrede Clinic, New Madikwe Clinic;</p> <p>In 2018-19 financial year, the budget amounted to R689 million, which would not address the over-commitments; and</p> <p>The department had a shortage of health personnel such as nurses etc.</p>
Provincial Department of Public Works and Roads	<p>The current structure is not aligned to the infrastructure delivery management system;</p> <p>The department relinquished its responsibility to the PMU's which in most instances caused over commitments;</p> <p>Systemic deterioration of quality of the property portfolio of the NW government;</p> <p>Financial management and supply chain management (SCM) challenges; and</p> <p>Departments paying a high premium for a low-grade office space.</p>
North West Development Corporation	<p>Irregular expenditure increased from R115 million in 2015 to R720 million in 2017;</p> <p>No effective steps were taken to prevent irregular expenditure and payments continue to be paid for expired contracts;</p> <p>The entity received disclaimer audit opinion in 2015/16 and 2016/2017;</p> <p>There were incidences of contravening supply chain management regulations;</p> <p>The entity had internal control deficiencies, including inadequate leadership;</p> <p>There is no proper record keeping management system for the maintenance of documents supporting reported financial and performance results; and</p> <p>There was inappropriate risk management activities in areas like IT and measures to prevent fraud.</p>
Education and Sport Development	<p>In this department posts are being filled using funds from the education infrastructure grant;</p> <p>Slow progress in capacitating the infrastructure unit resulted in lack of or poor monitoring of projects;</p>

	<p>Non-participation on LTSM transversal contracts and ineffective implementation of provincial education department's textbook retrieval policy increased the costs of LTSM;</p> <p>The department had unreliable and incomplete data from the education management information system;</p> <p>Of concern was that all other provincial education departments increased funding during adjustment, but NW reduced it by an average of R7.2 million;</p> <p>Compensation of employees was reduced by R54 million in spite of the growth in headcount of 441 or 1,7% of 26 109 educators;</p> <p>The Early Childhood Development budget was reduced by R25 million due to delays in training Grade R practitioners; and</p> <p>Funds are often transferred to the Independent Development Trust (IDT) well ahead of construction work commencing.</p>
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5.2. Observations and findings from the presentation by the Auditor-General

Department/entity	Observations/findings
Office of the Premier	<p>The department entered into various contracts with NEPO Data Dynamics amounting to R376 million but sufficient, appropriate audit evidence could not be provided that goods and services for this amount has been received by the department yet and the awarding of these contracts were not in line SCM requirements.</p> <p>The department signed a contract with Origin Bunengi JV for the design and implementing of a provincial enterprise management office. An updated MOA was signed with the contractor that changed the scope of the original contract materially as the contractor was appointed as implementing agent. A monthly project management fee of R13 million was payable which was based on a percentage of a total project cost of over R7 billion. However, this amount was based on planned projects in the province and not actual progress projects. AGSA unable to obtain sufficient, appropriate audit evidence that the</p>

	<p>department did in fact receive services for the payments of R7.2 million made to the supplier.</p>
<p>Provincial Department of Health</p>	<p>Bophelong Psychiatric Hospital. The expected completion date of the project has been changed on numerous occasions, currently it is May 2019. Significant findings were identified on the awarding of the tender in previous years.</p> <p>Mathibistad Community Health Centre Construction was completed in June 2016 at a cost of R109 million. During the AGSA visit on 21 July 2017, more than a year after practical completion the building still has not been occupied. Management has indicated that the delay relates to water shortages, unstable electricity and community protests. There was also SCM findings in awarding the tender and the reported performance at year-end was incorrect.</p> <p>Litigation within the department were in excess of R1.2 billion.</p>
<p>Department of Public Works and Roads</p>	<p>Rehabilitation of road P23/1 from Schweizer Reneke to Wolmaranstad. The project was completed at year-end with actual cost of R266.8 million, however the original completion date was 16 Oct 2014. The reason for the delay is that defects had to be corrected by the contractor during the retention period. In addition, there were also SCM findings in the awarding of the tender and the reported performance/ achievement of targets at year-end was found incorrect.</p> <p>Upgrading of road P28/4 from Mahikeng to Lichtenburg Phase 2(28.5km). Project cost at R456.9 million. There were SCM findings in awarding the tender and the reported performance at year-end was incorrect.</p> <p>There were instances where management deviated from SCM processes without adequate reasons leading an award of a tender of R103 million for flood-damaged roads. The department also incurred irregular expenditure of R550 million in 2016/17. The AGSA found that the department is one of the entities that failed to pay suppliers within 30 days and this severely affected service delivery.</p>
<p>Provincial Department of Education</p>	<p>Completed school projects were found not properly commissioned and this was shown by toilets that were not working and roofs of schools that had been poorly installed.</p>

and Sport Development	The AGSA found that the department is one of the entities that failed to pay suppliers within 30 days and this severely affected service delivery.
Provincial Department of Safety and Transport Management	The Department incurred irregular expenditure of R880 million.

6. GENERAL OBSERVATIONS BY THE COMMITTEE

- 6.1. In order for the interventions to enhance and improve service delivery in the province it will require sustained efforts over the next year to two years. This is based on the experience in Limpopo Province where the intervention timeframes were about 18 months;
- 6.2. Although there are governance structures in place within the province, but of key concern is the effectiveness of such structures;
- 6.3. A provincial committee to advise auditees on dealing with irregular expenditure was established in February 2017, but to date the submissions by departments have not been adequate to assist in clearing the growing irregular expenditure.
- 6.4. In addition, it seems the provincial legislature's portfolio committees and the public accounts committee also did not have much of an impact on the lack of accountability and consequence management within the province;
- 6.5. Efforts to provide current personnel with capacity and skills needs to be refocused and more targeted;
- 6.6. The province submitted that all departments have HoDs and the majority of SMS positions are filled, however, AGSA states that vacancies in key positions and the lack of appropriate competencies is a key concern;
- 6.7. There is a general agreement on challenges pertaining to the political and administration interface. For example, the province submitted that there is confusion between the public service and community political role; and that allegiance to political parties/groupings leads

to a compromised work ethic. The IMTT submitted that there is poor management of the political-administration interface;

- 6.8. Provincial Treasury stated that it is implementing the Post Audit Action Plan (PAAP) for all departments and this is submitted on a monthly basis to the EXCO. However, IMTT submitted that the province was unable to produce a documented audit improvement plan;
- 6.9. Provincial Treasury stated that quarterly interim financial statements are prepared by departments to determine progress with financial reporting and prepare for year-end. However, AGSA submitted that the most common compliance finding related to financial statements containing material misstatements;
- 6.10. Auditees were relying on the audit process to produce credible financial statements which resulted in 109 material adjustments and had these adjustments not been allowed, only two auditees would have received unqualified opinions as opposed to the reported seven;
- 6.11. There is a need for (Heath- Best Practice) - restore services and bring about order as well as to provide labour peace through regular engagement with labour structures;
- 6.12. The need to formulate and implement recovery plans to strengthen good administrative practices based on the findings from the assessments conducted including cost-containment measures; revised budgetary and supply chain management processes that are aligned with treasury regulations as well as putting systems in place for contract management and asset management processes;
- 6.13. The overall objectives of PMUs are to support managers in project administration (and functional managers to concentrate on the operational aspects of the department) while the PMUs take care of the cross-functional activities taking place with a number of teams to ensure correct and efficient use of standardised project methodology across all projects. This was however not the case in the province because the PMUs were also guilty of non-compliance with the SCM processes;
- 6.14. Of major concern for the Committee was the submission by the IMTT indicating that Supply Chain Management (SCM) and control management processes have been weakened and in some cases have collapsed;
- 6.15. The Committee welcomed the action steps and timeframes of the intervention from the IMTT and key was the need to speedily regularise services in the province. It was noted that a lack

of capacity and skills exacerbated the extent of the governance and service delivery challenges in the North West Provincial Government;

- 6.16. The Committee pointed out that a clear implementation plan and recovery plan was critical for a successful intervention;
- 6.17. The Committee was most concerned with the poor outcomes in governance notwithstanding the existence of governance structures such as internal audits and audit committees;
- 6.18. The Committee raised concerns around the role of Project Management Units, as well as the level of skills and capacity within the various departments and the role and effectiveness of accounting officers;
- 6.19. The major concern of the Committee was that the submission by the North West Provincial Government did not respond directly and in detail to specific issues raised by the IMTT;
- 6.20. The Committee noted the province's overall regression in audit outcomes in a serious light; The Committee was of the view and emphatic that unauthorised, irregular, fruitless and wasteful expenditure was of serious concern to Parliament and is not to be taken lightly;
- 6.21. The Committee called on the North West Province to adequately respond and take action in all instances wherein irregular, fruitless and wasteful expenditure is detected;
- 6.22. The Committee pointed out that good governance, including adherence and compliance with due process and legislation was non-negotiable;
- 6.23. The following were noted as of key concern - the state and health of the political and administration interface, the alleged interference of the political leadership in the recruitment process of administration posts, undue politicising of government programmes, clarity on the role, responsibilities and accountability mechanisms for accounting officers/HODs and CFOs, the status and costs of litigation in the province, the efficacy of the provincial IDP processes with specific reference to the role of the Office of the Premier, the role of municipalities and the role of Community Development Workers (CDW);
- 6.24. Key concern was the role and efficacy of provincial oversight structures. The Committee noted the lack of follow-ups on accountability failures at executive level and the monitoring of audit action plans for each department;
- 6.25. The Committee pointed out that provincial oversight structures, including the legislatures needed to take appropriate action to ensure that irregular expenditure was properly investigated and that there is consequence management;

- 6.26. The role of the Office of Premier in enforcing ethical values in the provincial administration was viewed as critical. The Committee further noted the North West's submission that there have been challenges in entrenching the Batho Pele ethos in the province, but welcomed the provinces submission that there has been positive collaboration between the province and DPME in efforts to improve service delivery;
- 6.27. Key issues identified was the need to emphasises the critical role of accounting officers in ensuring the APPs are aligned to the NDP and that funds are directed solely to the attainment of the targets and improvements in service delivery; and
- 6.28. Overall, the Committee noted that the Premier welcomes and supports the intervention. The Committee welcomed the Premier's submission that the Province is committed to mobilising resources in order to address the root causes of regression in audit outcomes and the strengthening of good governance principles of integrity, shared values and ethics

7. OBSERVATIONS AND FINDINGS DURING THE FOLLOW-UP MEETING WITH THE INTER-MINISTERIAL TASK TEAM ON 16 AUGUST 2018

7.1. Progress reports

On 16 August 2018 the IMTT reported to the Committee about the following process that have taken place:

The signing of the Memorandum of Understanding on 28 June 2018 between the National Government, represented by the Convener of the IMTT (Minister N. Dlamini-Zuma) and the Provincial Government, represented by the Premier of the North West (Premier J. Mokgoro). This event reportedly marked a major milestone in the intervention, shifting from an assessment and planning phase to the inception stages of implementing the interventions.

The foundational work focused on putting in place the administrative teams, as well as deepening the understanding of the institutional environment in which change is to be effected. Addressing labour instability has also consumed a significant amount of time and energy, as well as putting in controls to address financial mismanagement.

The activities in July 2018 were primarily taken up with finalising and signing protocols between national and provincial departments, appointing and installing administrators and support teams for the five departments under Section 100(1)(b), issuing directive for Section 100(1)(a) departments and general orientation.

The administrators for Section 100(1)(b) departments were introduced to the Premier and the Provincial Executive Council on 5 July 2018.

The following is a list of the NW administrators:

No.	NAME & SURNAME	TITLE	DESIGNATION AND DEPARTMENT
1.	Ndivhuho Raphulu	Mr	NW Coordinator
2.	Sibusiso Mpanza	Mr	Administrator: Office of the Premier
3.	Sam Thobakgale	Mr	Administrator: Public Works
4.	Jeanette Hunter	Ms	Administrator: Health
5.	Nqaba Nqandela	Mr	Administrator: Transport
6.	Nkhono Johannes Mohlala	Mr	Administrator: Education
7.	Jonathan Timm	Mr	NW Coordinator Support
8.	Madimetja Gwangwa	Mr	NW Coordinator Support

The process of appointing the administrators for the five departments under Section 100(1)(b) as accounting officers was completed by 10 July 2018. The administrators are all accommodated in offices in Mahikeng, with support teams from their national departments.

The Coordinator for the North West Intervention (a role that responds to lessons learnt from the Limpopo Province Section 100(1) intervention) has been appointed and has established an office in Mahikeng. A monitoring system focused on six key result areas (KRA) has been developed.

This system has a range of indicators to provide a picture of the intervention based on a wide range of information sources. This system currently focused on the fundamentals of tracking implementation plans. Work is reported underway to activate the monitoring capacity in the Office of the Premier to support the monitoring of the intervention.

The Coordinating Committee, envisaged in the Memorandum of Understanding signed between the Premier of the Province and the Convener of the IMTT, has been established and met on the 2 August 2018 in Mafikeng. This committee brings together all the heads of provincial departments together with the administrators from the national departments.

Directives have been issued to all Section 100(1)(a) departments and protocols have been signed between the relevant ministers and the MECs for all departments.

7.2. Observations and findings within the Office of the Premier

- 7.2.1. The Committee noted the cordial relation between the Office of the Premier and the intervention team that has been signalled by the appointment of the administrator, the implementation Protocol between the Department of Public Service and the Premier as well as a number of joint meetings held by the intervention team and the Premier with staff and stakeholders;
- 7.2.2. The Committee noted that a number of milestones were reached in line with the interventions. Among these is the tightening up of processes for payments that exceed R200 000 as well as assessing the costs-benefits in the use of Project Management Units across the provincial administration;
- 7.2.3. The Committee noted with a very serious concern that the security provided to the Administrator, Support Team and documents remains a challenge within the province;
- 7.2.4. One of the risks noted for the intervention is that as the information becomes more sensitive, so is the likely increase in threats against the person of the Administrator and support staff. This is further complicated by the lack of proper document storage facilities and again the office security was found compromising information integrity of the intervention;

- 7.2.5. The invocation of section 100 (1) (b) in the OTP initially created a sense of uncertainty amongst staff and management, but an element of positivity towards the intervention is now emerging;
- 7.2.6. The intervention in the North West displays unique characteristics and requires a unique and tailor-made approach for sustainability; and
- 7.2.7. The need for an integrated policy on the management of interventions was re-affirmed.

7.3. Observations and findings within Provincial Department of Health

- 7.3.1. Positive developments are with regard to human resource management activities to source the database on PMDS status in the NWDoH for 2015/16 and 2016/17 performance cycles and to develop a template to determine the current status on PMDS for 2015/16 and 2016/17;
- 7.3.2. There are however some challenges with efforts to populate the template and report back to the Support Intervention Team so as to determine employees who are eligible for possible performance incentives. It is further reported that the review process tentatively scheduled for the 16th July 2018 to commence once buy-in from organized labour has been sourced. This process is still lagging behind because the special chamber meeting scheduled for 13 July did not take place;
- 7.3.3. An amount of R93 million has been made available to fill priority posts after the allocation has been made for community service professionals, EPWP, further training of the Nelson Mandela Fidel Castro Medical Program Students and for specific specialist posts;
- 7.3.4. Although workers returned to work on 21 May 2018 labour peace at the provincial office is still very fragile. This was demonstrated on 20 June 2018 when the provincial office staff embarked on disruptions by blocking entry to the office park, burning refuse and blocking the access road with stones. These disruptions of service were sparked by the suspended HOD returning to work on 19 June 2018. The Minister of health and the MEC for health in the NW province have subsequently addressed this issue. Sporadic strikes continued to emerge in different organizations, e.g. the recent strike by students of the Excelsius Nursing College and current stay away by nurses in the maternity ward at Mahikeng Provincial Hospital;

- 7.3.5. In order to address some finance and SCM challenges plans were initiated to develop/review payment SOP to put in place a system for payment within 30 days;
- 7.3.6. In order to ensure the legitimacy of invoice payments, there is a continuous processing of payment above R200,000 which are verified by the NDoH intervention team before disbursement;
- 7.3.7. The anticipated audit findings are projected to be on Irregular expenditure, immovable tangible capital assets and fruitless and wasteful expenditure. For this reason, an audit action plan for 2018/19 will be crafted from the final audit report for 2017/18;
- 7.3.8. There are efforts to ensure that key posts (CEO, clinical manager, nursing service manager, head of administration, clinical support) are filled; and
- 7.3.9. Efforts to develop a three-year equipment replacement plan for all hospitals is complicated by the lack of a coherent system to collect data about hospital needs because this information is proving difficult to collect.

7.4. Observations and findings within Provincial Department of Education and Sports Development

- 7.4.1. The intervention team has devised strategic interventions for the spiralling cumulative irregular expenditure. Indications are that 80% of irregular expenditure have to do with poor planning by managers and to address that a first meeting was held with Corporate Services/CFO Branch on 30 July 2018;
- 7.4.2. The intervention team devised strategic interventions for the address of cumulative unauthorised expenditure. The aim is to ensure that by March 2019 the unauthorized expenditure is reduced from R200 million to about R8.7 million and the latter is awaiting condoning from the legislature while the rest has been cleared;
- 7.4.3. The Committee noted that although there are efforts within the department to investigate cases relating to incidences of irregular expenditure as well as conducting forensic investigation in this regard, the challenge is however capacity constraint within the department;
- 7.4.4. Efforts to address the impasse with organised labour on the new NWED organogram are still at a very sensitive stage. All labour unions, except NEHAWU, have endorsed the new organisational structure;

- 7.4.5. To ensure that all vacant posts are filled about 942 school-based promotional posts have been advertised. Concerns about inadequate budgets to fill the posts have been raised, given that the compensation of employee budgets has been reduced in the last three financial years, as a result of the Department's inability to fill posts in previous years due to their inefficiencies;
- 7.4.6. Numerous activities are currently being rolled out, particularly in the schools affected by the four months' protests. These include camps, extra classes, etc. Second quarterly accountability session, which assess the effectiveness of these activities started on 30 July 2018 to 3 August 2018;
- 7.4.7. All schools have already uploaded their stationery requisitions for next year's orders. Ordering of textbooks was, however, delayed to accommodate finalisation of a Catalogue for Supplementary materials by Curriculum Chief Directorate (was to be completed by 27 July 2018); and
- 7.4.8. There is still no progress with regard to the audit of infrastructure, machines, equipment and workshops at Technical schools.

7.5. Observations and findings within Provincial Department of Community Safety and Transport.

- 7.5.1. In order to improve internal controls, the Intervention Team reviewed the action plans to address the 2016/17 audit findings while review of SCM policies and procedures is underway. The team further obtained the 2017/18 Auditor-General management report with the purpose of developing action plans to address audit findings;
- 7.5.2. To improve on SCM processes, meetings were held with the SCM Chief Directorate; SCM policies and procedures were reviewed; the team also performed SCM gap analysis and developed checklists to ensure compliance with SCM prescripts;
- 7.5.3. In order to improve on projects and contract management the intervention team has done the following:
- 7.5.4. Obtained a strategic plan of the department and it is currently under review;
- 7.5.5. The Budget and Strategic Plan together with other relevant documents have been obtained and are currently being reviewed; and

- 7.5.6. A list of projects has been obtained and a meeting has been scheduled with the relevant managers to get a deeper understanding of the projects.
- 7.5.7. The intervention team has received a contract register and which is currently being reviewed. The team also performed an analysis of contract management processes and identified areas of improvement. Currently the team is in the process of developing the corrective actions.
- 7.5.8. The scholar transport is currently under review and the team is holding regular meetings with management within the department in order to find a lasting solution.

7.6. Observations and findings within Provincial Department of Public Works and Roads

- 7.6.1. In an attempt to strengthen capacity building for technical professionals, critical vacant posts have been identified and awaiting approval for HR delegation and budget confirmation from the CFO;
- 7.6.2. In order to address the skills capacity needs within the department about 28 Candidate professionals have been identified and a workshop was held on 26 and 27 July 2018. A program of deployment linked to projects will be finalised by 10 August 2018;
- 7.6.3. In order to identify the sources of irregular expenditure of about R3.4 billion an analysis of the AG audit report was conducted where SCM findings that were classified as non-compliance or irregular expenditure were identified. A task team has been formed to analyse the department's deviations register; and
- 7.6.4. Action is underway to resolve the low levels of underspending on Public Works, Infrastructure and Transport Infrastructure budget. Also closely related are plans to revitalise the Vuk'uphile contractor development programme, which followed a commitment made to the Office of the Public Protector that the complaint brought to her office would be expeditiously resolved

8. OVER SIGHT VISIT TO THE NORTH WEST PROVINCE

The Committee conducted an oversight visit to the province during the period 15 – 19 October 2018. During this visit, the delegation was split into two groups in order to cover a wider scope.

The delegation for the two Groups were as follows:

Group 1

Members: Mr CJ De Beer (ANC and Group leader), Ms T Wana (ANC), Rev Mthethwa (ANC), Ms LL Zwane (ANC), Mr OS Terblanche (DA), and Mr M Khawula (IFP)

Support staff: Mr S Tshabalala (Section Manager), Ms S Peer (Committee Secretary), Mr P Dlomo (Content Advisor) Dr J Makhlima (Researcher), and Ms M Cassim (Intern).

Group 2

Members: Mr AJ Nyambi (ANC and Group leader), Mr MD Monakedi (ANC), Ms T Motara (ANC), Mr TC Motlashuping (ANC), Mr M Chetty (DA), and Ms TJ Mokwele (EFF).

Support staff: Adv M Tau (Unit Manager), Ms Y Brown (Researcher), Ms N Mooi (Committee Assistant) and S Yaphi (Intern), Adv BV Mamoti (Legal Advisor).

8.1. Observations and findings made with regard to site visits falling under the North West Department of Health

8.1.1. Mafikeng Provincial Hospital

8.1.1.1. The rationale for the visit to the project

The Committee visited the hospital, which falls under the Provincial Department of Health which is currently under section 100(1)(b) intervention in terms of the Constitution.

8.1.1.2. The profile of the site (refer to the presentation)

8.1.1.3. Observations and findings

- Some improvements were identified on some of the previous challenges such as vehicle permits that were renewed, theatres were operational and that the nurses had been upgraded in terms of the Occupational Health Dispensation (OSD). However, two ambulances which were issued by Government Transport (GT) to the hospital were still at the GT garage due to the ambulances having faulty doors;
- The Administrator reported that the CEO post was advertised, but critical management and specialist vacancies remained a concern;

- Outsourcing of most services such as laundry and catering services and the recruitment of nurses through an agency was also a challenge. The contractor who was rendering the laundry services was 200 km away from the hospital. Nehawu alleged that the laundry contract was awarded because of political connections;
- The non-functioning of boilers negatively impacted on the functioning of the laundry machinery which had undergone some repairs;
- The Administrator indicated that she was advocating for in-house capacity where there is low or a lack of capacity rather than outsourcing;
- Challenges regarding the availability of adequate medication still exist at the Pharmacy due to low stock levels at the depot;
- While the Administrator instituted processes to ensure good governance, there seems to be delays in the payment of invoices submitted by the medical suppliers caused by the processes instituted by the Administrator. This has caused delays with the procurement of medicines;
- Supply Chain Management (SCM) remained a challenge since there were no proper procurement procedures that were followed;
- The Administrator reported that the hospital wanted to procure a Boiler at an exorbitant cost. For the same cost, the Intervention Team could procure eight Boilers. The Intervention Team is procuring a Boiler, Autoclaves and air-conditioners as part of a packaged deal for the hospital; and
- The hospital mortuary only opens for 5 days a week and is closed over the weekend, and there is only two mortuary staff and two porters. This is despite the mortality rate of about 12 to 25.

8.1.1.4. Recommendations

- The budget appears to be a major contributor to the slow progress on the challenges listed. It is therefore critical that interventions are accompanied by funding to ensure the successful implementation of identified remedial steps; and
- There was a need to cultivate good governance systems to ensure effective and efficient procurement for the hospital to operate optimally.

8.1.2. Klerksdorp/Tshepong Hospital

8.1.2.1. Rationale for the visit

The hospital is one of the health facilities that were affected by the community protests and union strike, which took place in May 2018. The aim is to assess the state of the infrastructure and delivery of services.

8.1.2.2. The profile of the site (refer to the presentation)

8.1.2.3. Observations/findings

- Tshepong hospital is approximately 38 years old and Klerksdorp hospital is approximately 121 years old, although the infrastructure is ageing but the facility was still very neat and well managed;
- Due to the closure of the health facilities dedicated to mining areas, Tshepong hospital other local hospitals were experiencing overcrowding;
- The hospital operates like a district by offering services from Primary Health Care (PHC) to tertiary health care while the budget remains limited to R45 million for the drugs. The hospital is also doing knee and hip replacements, however, the budget remains a challenge;
- It was reported that the hospital had enough doctors, but the employment of foreign doctors was noted and remained a concern for the Committee. Most SA born doctors do not want to work in the province, but prefer to work in big cities;
- While there was a moratorium imposed by the National Treasury, the hospital was advertising some vacant posts, but there were still more vacant posts needed to be filled. Nehawu indicated that the non-filling of vacant posts was creating more work for the existing staff, and this was a concern;
- The hospital did not have a computerized patient record system, but it was using manual patient records which took longer for patients to obtain their records. The hospital has floor beds to accommodate the overcrowding. The hospital has a capacity of 1000 beds, but only operating with 800 beds at the moment;
- The hospital has built an admission ward to reduce the number of patients in casualties. The hospital admits interns and have since taken 84 interns during 2017 till present;

- There was also an increase on accruals and over expenditure for the past years, including the current financial year. Projects were implemented even when there was no budget, which led to more accruals;
- Out of the tenders that were awarded in 2017/18 between 40 to 45% was reported as a success, due to delays in tender processes, as a result of centralization of authority;
- The centralisation of the budget has caused payments delays resulting in money being channeled back to the National Treasury. There were about 40 tenders that were cancelled or expired, resulting to fruitless and wasteful expenditure to the tune of R 2.5 billion;
- The centralisation of the budget had resulted in malpractices which exacerbated irregular expenditure currently amounting to R15 billion for the entire province;
- The centralisation of budget led to performance bonuses being paid later than expected and this was a concern for labour;
- The National Treasury indicated that there were a lot of instructions issued outside the parameters of the PFMA. There was a lack of consequence management to the wrong doing, however, the Committee was informed that investigations were underway to address cases of corruption relating to contractors;
- The National Health Department is currently proposing a wide range of delegation of authorities in the following areas: Supply Chain Management, Human Resource Management, and Finance;
- The Committee was concerned with the level of outsourcing most of the health services that seems to be increasing across the state;
- According to the National Department of Health, there were two new conditional grants, which were going to be introduced to address linen and laundry challenges;
- The occupational health and safety programs remained a challenge in the Tshepong hospital; and
- Most powers and functions were taken away from the hospital management, and even some of the Chief Directors, and senior members of the management from the provincial department indicated that the environment was quite traumatic and dominated by toxic and fear.

8.1.2.4. Recommendations

- There is a stronger need to improve the public health care system in South Africa.

- Due to lack of maintenance, there was a need to stop building new facilities, and focus on maintaining the existing facilities.
- There was a need for the delegation of authority or decentralization of functions at districts level to districts to establish their own SCM committees so that procurement processes would be fast tracked for the hospitals and clinics.
- While members supported delegation of authority or decentralization of functions to district level, also cautioned about the fact that there was a need to upscale capacity to manage such resources, ensure sound financial management and accountability.
- There was a need to capacitate the infrastructure unit in the North West Department of Health for better maintenance.

8.1.3. North West Department of Health EMS

8.1.3.1. Rationale for the visit

The state of emergency medical services (EMS) in North West has been a much publicized concern with reports indicating that the province needs around 350 ambulances in order to operate efficiently, that is against the current fleet of 60 ambulances. Of much concern was the outsourcing of the EMS to private companies such as Mediosa, High Care and Buthelezi EMS.

8.1.3.2. The profile of the site (refer to the presentation)

8.1.3.3. Observations/findings

- The EMS function was not integrated to the health support establishment, and this was a concern given the advent of the NHI. Furthermore, the function was provincialized, and all the posts that were there before had to phased out;
- Other views suggested that the EMS should not be within the health establishment, but it should be in Communities, where there it is most needed;
- The Department has not been able to identify the base location for the EMS vehicles. This was due to the fact that there was no accurate data to indicate where most of the demand was based;
- The outsourcing of the government function, which was happening throughout the province, remained a concern for Nehawu. In its submission, the Union was of the view that this opens up the space for corruption and looting state resources;

- While it was indicated that there was no tracking mechanism for ambulances, an indication was given that there was a tracking mechanism which was going to be phased in - the following day. The Committee was concerned about the lack of communication within the same Department on this matter;
- There was no effective communication mechanism within the EMS department. Drivers were required to use their cell phones when they were on duty to attend to emergency issues. The Committee was concerned about the lack of a communication center in the North West Department of Health, which will bring about the effective management of the resources and services. Therefore, the EMS was using the manual system to monitor staff and this was less reliable;
- While there was a view, suggesting the need for more funding to buy more ambulances for all districts to be properly served, another view suggested that there were 130 unused vehicles which was as a result of Department of Transport taking longer than expected to issue roadworthy licenses. The Committee was concerned about the poor coordination and intergovernmental relation, which impacted on service delivery;
- The Committee was informed that the money to buy ambulances was taken away from the EMS budget to pay for accruals as per the directive of the Head of Department of the North West Department of Health, so this meant that EMS had no budget available for the remaining financial year;
- The old vehicles were not replaced on time, as a result some of these cars had extremely high mileage. The Committee was concerned about the lack of compliance with a vehicle replacement policy within the department;
- The Committee was informed that the Government garage was taking too long to repair the EMS vehicles whenever these were due for service;
- The Committee was informed that there was a lack of a retention strategy for the EMS degree qualified staff, and it was for this reason that they would always opt for greener pastures;
- There was a need to recruit more drivers for EMS. Certain districts did not have enough drivers and there were still vacancies. This led to an increased workload for the existing drivers, fatigue, and more overtimes;
- The biggest challenge was also the shooting and killing of the EMS staff, which were targeted by criminals while they were on duty;

- There were two contracts which were poorly managed in the North West Department of Health, namely Buthelezi and High Care EMS;
- The Buthelezi contract for the EMS helicopter ended in September 2018, whereas the ambulance contract will be ending in March 2019. This meant the Department was still going to pay for the irregular contract until March 2019;
- The Buthelezi contract was allegedly paid R20 million every month and it was going to be running for 3 years;
- Part of the challenges was the patient plan transport, where there were about 64 ambulances on the road instead of 90 ambulances. This led to the poor response rate, which was a 60 per cent response in urban areas with less than 30 per cent response in rural areas;
- The Buthelezi company was allowed to amend the company name while the contract was already running from Buthelezi to Buthelezi EMS, thus the Department had to pay double, for the old Buthelezi and Buthelezi EMS;
- The Buthelezi helicopter was brought in from the Free State province to do helicopter emergency medical services. It costed R1.6 million per month, while the previous one had only costed less than R800 000 per month. This was double the price when compared to the previous one;
- An amount allocated for conditional grants was used to pay for the Buthelezi helicopter; which was a gross financial misconduct;
- The High Care contract was paid R5 million every month, which was also an irregular payment. The Committee noted that the two companies were over charging the Department. Based on the verification outcomes the Department should have been paying at least 2/3 of the money;
- The Committee was informed that the contractors are currently contesting the verified information and they were refusing to submit invoices for verification;
- The total overpayment to Buthelezi EMS up until 2016 amounted to R4, 243 212.44.
- High-Care EMS invoices are also being verified, however, there was a lack of cooperation by the contractor. The contractor has refused to submit all the invoices to the Department that were required for verification.
- The estimated overpayment for 2016 amounted to R2, 500 000, and for 2017 the overpayment amounted to R7, 500 000. Thus the total overpayment was R10 million. The amounts owed

for 2017 is R1, 259 249.88 and R9 732 591 for 2018. Thus the total owing as per the claims is R 10 991 840.88. Thus far the Department only owes High Care EMS R991 840.88 till August 2018;

- High Care EMS has been requested to provide the Department with all the outstanding invoices so that an accurate amount can be determined;
- Some of the EMS stations were badly designed for EMS services. There was a need to revisit the model of the EMS facilities, given the available massive land in the province that can be used;
- There was a shortage of medicines, and this was due to the delays in the payments of medical suppliers. The Audit process of medical procurement stock procured was done manually and takes a lot of time;
- The Committee noted that the North West province is the only Province that is using the Walker Financial Management System as opposed to Basic Accounting System (BAS). The Committee noted that the system was making it difficult for the Provincial Treasury to monitor expenditures across all provincial Departments;
- The Committee was informed about instructions which were issued by the HOD office for staff not to procure even consumables but to rather wait for the tender from the centralized budget. The HOD for health has since been suspended, due to irregular contracts and other things. Furthermore, the Committee noted that the HOD of Health was reporting to the Premier's office and not to the MEC for Health;
- The Committee noted a prepayment of R30 million made by the Department for the Mediosa mobile health service without complying with the PFMA. Mediosa was also awarded a contract without going to tender; and
- The Department admitted to the Provincial Public Accounts Committee that SCM processes were flouted during the Mediosa health services contract.

8.1.3.4. Recommendations

- The Department should start a disciplinary process against all the implicated government officials with immediate effect and should not wait for the criminal cases since the two processes can run parallel to each other.

- The Department of Health should expedite the payments verification process, of payments which were already made and those that were due to Mediosa, Buthelezi and High-Care EMS to get an accurate amount of overpayments with immediate effect.

8.2. Observations and findings made with regard to site visits falling under the Department of Education

8.2.1. Alabama Primary School

8.2.1.1. Rationale for the visit

The visited Alabama Primary School to assess the state of the infrastructure project and the quality of work done and, also to ensure value for the money spent.

8.2.1.2. The profile of the site (refer to the presentation)

8.2.1.3. Observations/findings

- The Committee noted the following defects: electricity plugs were not connected, windows were not closing properly, and there were no ventilation systems;
- The Committee noted that the school had no irrigation system for the green field and there was a need for a 24 hours' security service in the school due to vandalism;
- The Committee was concerned about the cost escalation from R144 million to R152 million for a 29 classroom building. The Committee was also concerned about the cost disparities when compared to the cost of other schools of the same size;
- Whilst the Committee was happy with the Early Childhood (ECD) facilities, the Committee raised a concern around the lack of staffing in the ECD;
- The Committee noted with concern the culture of using contractors from other provinces, even when there was no emergency situation;
- The Committee was also concerned with the reported under expenditure for the conditional grants, particularly the grant for the learners with special needs; and
- The Committee was concern about the lack of consultation between the Department of Education and the Union before the new organogram was approved.

8.2.1.4. Recommendations

- The school management should expedite the recruitment for the ECD teachers with immediate effect and such teachers should at least be in the level 4 to make sure that the school meets the requirements of the ideal school;
- The Department of Education should start the disciplinary process against all the implicated officials with immediate effect to address the irregular expenditure;
- The Department should priorities school security matters, school maintenance, and irrigation system in the coming budget cycle and make sure that the contractor addresses all the outstanding work reported by the school principal with immediate effect.

8.2.2. G.S. Phoi High School

8.2.2.1. Rationale for the visit

The Committee visited the School to assess the number of issues, including the unfinished building project, road construction and unresolved dispute, burning of school facilities, unrest which led to the closure of GS Phoi High School, Madibogo-Pan Primary and Gaesegwe Primary School.

8.2.2.2. The profile of the site (refer to the presentation)

8.2.2.3. Observations/findings

- The Committee was concerned about the state of the school infrastructure, since there were only 16 functional classrooms with 8 being mobile classes;
- The Committee noted that one of the classrooms was converted into a staff room and that the remaining administrative offices were also shared among the teachers;
- The Committee was concerned about the school facilities including the ablution facilities which was in disrepair state with broken pipes, taps and blocked urinals;
- The Committee noted the reported recovery plan for learners to catch up as well as the provision of additional tutoring programs;
- The Committee also noted the appointment of the school principal who was just 6 days in the job during the Committee visit;

- There were two vacant positions for school HODs, and two teachers were acting in those posts; and
- The Committee noted the issue of excess teachers in certain schools, who were going to be deployed to other schools.

8.2.2.4. Recommendations

- The Department of Education should address the issue of vacant positions which exist at a management level (HODs) of the school with immediate effect;
- The Department of Education in collaboration with leadership in municipalities as well as relevant stakeholders should assist the community in raising awareness about the opportunity cost of vandalizing the existing public asset during the unrest;
- The Department of Education together with the school management should address the school infrastructure needs of the school such as proper classrooms with immediate effect.

8.3. Observations and findings within Provincial Department of Community Safety and Transport

8.3.1. Madibogo-pan bridge and road

8.3.1.1. Rationale for the visit

The Committee visited the site to assess the Modibogo-pan bridge and road project which falls under the functional scope of the Provincial Department of Community Safety and Transport Management of which this Department is also under section 100 (1) (b).

8.3.1.2. The profile of the site (refer to the presentation)

8.3.1.3. Observations/findings

- The Committee was concerned that the current equitable share allocation was far less than what was required;
- The Committee noted that the North West Province needed approximately R36 billion (R3.6 billion per year) in order to address its road Infrastructure and maintenance challenges. The Committee noted that North West Province Roads Infrastructure Development was not adequately funded and was depended on the Provincial Roads Maintenance Grant (PRMG); and

- The Committee was also informed that there was more demand for upgrading gravel roads. There were no adequate resources for maintaining the already tarred roads and it led to community unrest.

8.3.2. Scholar Transport Programme in Vyfhoek Primary School

8.3.2.1. Rationale for the visit

The Committee visited the site to assess the effectiveness of the scholar transport programme in the North West province.

8.3.2.2. Profile of the site (refer to the presentation)

8.3.2.3. Observations/findings

- The Committee was concerned about the inadequate budget allocated for the scholar transport to transport learners in the Province;
- The Committee noted the suggestion made by the Education Administrator which was proposing that the scholar transport function be administered by the Department of Education, while the Department of Transport should only ensure that buses were road worthy;
- The Committee was concerned about the disparities of the number of children presented by both departments which were not reconciling. The Department of Transport was transporting 37 children, while the Department of Education was indicated that they had 61 000 learners;
- The Committee was concerned about the cost of learner transport, which was double that of other provinces. For 2018 the Department spent R374 million transporting 37 000 children;
- The Committee noted the challenges raised by the Department of Transport, wherein some of the service providers were inflating the number of children, and also claiming for two buses while using one bus; for instance, the service provider was contracted to operate from Vyfhoek Primary School to Wilgeboom farm area. The total contracted kilometers = 125km x two buses, however the actual kilometers travelled is = 20.5km and were operated by one bus;
- The Committee was informed about the lack of compliance of buses transporting children, wherein some buses were not road worthy and children being overloaded in some instances; and
- The Committee was informed that some bidders had initially presented vehicles which were compliant and suitable, but these were not the actual vehicles in operation.

The Vyfhoek School was not happy with the operation and indicated the following:

- The operator has never requested monthly learner's lists as evidence for learners transported on a particular monthly;
- The service provider was inflating the learner beneficiary numbers, i.e. stating that they were transporting 70 learners, meanwhile the actual number transported was 41; and
- It was reported that the driver had a valid Driver's License but without an operating permit, Certificate of Fitness, and no roadworthy certificate.
- The Committee noted that there was a contracted Supervising Monitoring Firm (SMF). The school indicated that the operations had never been monitored by the appointed firm;
- The Committee noted the Special Investigation Unit (SIU) visit to the school on 16 August 2018 to investigate the scholar transport challenges;
- The Committee was concerned about the lack of capacity in the NTI which is the Departmental agency that administers the scholar transport programme for the Province.
- The Committee was informed that additional routes were awarded to certain service providers and these were not part of the advertised tender; and
- The Committee was informed that the scholar transport budget would have been exhausted by now, if all invoices were to be paid by the end of October 2018.

8.3.2.4. Recommendations

- The Department of Education should conduct final route verifications; revise the contract so that a new contract letter can be awarded. The Department should find a way to recover the money that was overpaid to the service provider with immediate effect.
- The Committee suggested that the Departments of Transport and Education in North West resolve the challenges of Scholar Transport through the appropriate platform, i.e. through intergovernmental relations. The provincial legislature should provide oversight and support before the end of 2018/19 financial year.
- Overall the Department of Transport should do a proper investigation into the alleged irregularities and corruption taking place in Scholar Transport. Consequence management and the penalty clause should be invoked as part of the remedial action before the end of the 2018/19 financial year;
- It is important that the province considers reviewing its funding model for scholar transport so as to reduce costs to ensure that the cost is market related with immediate effect.

8.4. Observations and findings within Provincial Department of Public Works and Roads

8.4.1. Dr Kennet Kaunda District Office for the Department of Public Works and Roads

8.4.1.1. Rationale for the visit

The Committee visited the site to assess the state of the North West Provincial Department of Public Works and Roads, which is also under section 100(1) (b) of the Constitution.

8.4.1.2. The profile of the site (refer to the presentation)

Observations/findings

- The Committee was informed that the appointment of Ayama Consulting in November 2016 by the Department of Public Works and Roads was done without advertising the tender;
- The Committee was concerned that all the roads that were repaired under Ayama's contract were all damaged by floods and the bridge was also broken within few months;
- The Committee was informed that there was a prepayment of R103 million to Ayama which was made without following the PFMA;
- The Committee was informed that there was no information regarding the Scope and timelines of the project; and
- The Committee was informed that the district was instructed to inspect, verify and sign off the projects, but the district refused, due to the fact that it was never involved from the beginning.

8.4.1.3. Recommendations

- The Ayama Consulting contract should be one of the contracts that are submitted to the law enforcement agencies for investigation while consequence management should be considered for officials who are found to have breached the rules with immediate effect;
- North West Department of Public Works and Roads should address its governance and internal control challenges, put measures in place to prevent irregular, wasteful and fruitless expenditure as required by Section 38 of the PFMA with immediate effect.

8.5. Observations and findings within Provincial Department of Social Development

8.5.1. Department of Social Development District Office in Mahikeng

8.5.1.1. Rationale for the visit

The Committee visited the site to assess the state of the infrastructure building which was occupied by the Department of Social Development as one of the Departments which falls under section 100(1)(a) of the Constitution.

8.5.1.2. The profile of the site (refer to the presentation)

8.5.1.3. Observations/findings

- The Committee noted the following challenges with regards to the building: overcrowding, non-functioning of lifts, lack of the air-conditioning system, poor toilets, and fire extinguishers which needed to be refilled and placed in the correct storage place;
- The Committee was informed that the Department of Social Development was issued with a number of building contraventions by the Department of Labour, which were escalated to the Landlord for action. However, there has been no response from the Landlord;
- The Department even approached the State Attorney to provide them with assistance in compelling the Landlord to implement remedial action. The State Attorney submitted a notification to the Landlord to which the proprietor responded;
- The Committee was concerned that there has been no progress on the safety concerns, since the intervention started six months ago;
- The Committee was also concerned that some of the proposed remedial steps regarding the lift and air-conditioning system commenced in August 2017 and yet was not addressed;
- Similarly, the labour representative also affirmed that there has been no progress in terms of the Settlement Agreement that was signed between the labour union and the management of the department regarding resolving the safety concerns;
- It was also revealed that the Department of Social Development entered into a second lease agreement with the same Landlord (i.e. just a change of name in the lessor company name but same owner); despite existing safety concerns and that, the Landlord did not address the matters raised previously;
- It would appear that the Department of Social Development has been hesitant in instituting contractual penalties against the Landlord for breach of contractual obligations. The Committee was concerned about the lack of urgency in resolving the issues of safety;
- The union indicated that there appear to be irregularities regarding the new lease signed in March 2017, as another building was proposed as office accommodation and staff were to be

relocated. The contract for the alternative office accommodation was terminated, despite it being cheaper than the building currently accommodating Social Development staff; and

- The Committee was concerned that the building was dilapidated with dysfunctional lifts, broken air conditions, broken ceilings, loose cables, hanging globes and electric wires, broken blinds and staff overcrowding. Three officials were sharing a table because the small size of the office.

8.5.1.4. Recommendations

- The Department of Social Development should have a plan in place for procuring alternative accommodation, should the contract be terminated. This should be addressed before the end of the year 2018/2019 financial year;
- The Department of Public Works has to clarify the legal implications should the Department of Social Development terminate the contract with the Landlord before the conclusion of the existing lease agreement.

8.5.2. Department of Social Development Matlosana Service point

8.5.2.1. Rationale for the visit

The Committee visit was aimed to assess the Matlosana Service Point which is part of the Department of Social Development which falls under section 100 (1) (a) of the Constitution.

8.5.2.2. The profile of the site (refer to the presentation)

8.5.2.3. Observations/findings

- The Committee was informed that the service point was also issued with contravention notices by the Department of Labour and most of these have not been addressed by the Landlord. For instance, the new wing occupied by the service point still needs partitioning; and
- The Committee felt that the presentation was mostly not really responding to issues raised by the IMTT report, and therefore could not engage it further.

8.5.2.4. Recommendations

- The Committee recommended that the poor maintenance and noncompliance of the building needed to be resolved by both the Departments of Social Development and Public Works and Roads in the North West with immediate effect.

8.6. Observations and findings within the Provincial Department of Local Government and Human Settlements

8.6.1. Ditsobotla local municipality – Lichtenburg waste water treatment works

8.6.1.1. The rationale for the visit

The Committee visited this site to assess the state of Lichtenburg waste water treatment works which is located within the municipality that falls under the Department of Local Government and Human Settlements which is under section 100(1)(a).

8.6.1.2. The profile of the site (refer to the presentation)

8.6.1.3. Observations/findings

- The Committee noted that MISA and SANDF had intervened to stop the sewage spillage by sourcing funding, placing contractors at the waste water treatment plant to refurbish the plant and pump stations and provide security, including the provision of sanitation services to the Ditsobotla community;
- The Committee was concerned that the intervention by both MISA and SANDF appears to be piecemeal and focused on quick-wins and not on long-term sustainability;
- At the site, the Committee was informed that the waste water plant has security, yet an incidence of motor theft occurred;
- The Committee noted with concerned that a motor was serviced when it did not require servicing and that a week later the motor was not operational;
- The Committee noted that the workers at the site were not provided with protective gear, which poses a health risk;
- The Committee noted that there was no proper oversight over contractors and the services that they were providing. This compromised the value for money principle.
- The Committee was concerned about the lack of clarity of roles and responsibilities between Ngaka Modiri Molema District Municipality, the local municipalities and the Sedibeng Water Board with regard to water and sanitation service provision;
- There were also allegations that the Sedibeng Water Board was not providing water and sanitation services as per the intervention notice whilst they were receiving conditional grant funding to provide the service;

- The Committee was concerned that some of the challenges raised at the site were as old as four years, which raises the question as to how effective previous interventions had been and whether the current intervention will assist;
- The Committee was concerned that about 22 households in Rietfontein had been without water-tank supply for a very long time and they ended up using water from sewage spillage or even going to an extent of stealing water at a nearby farm;
- The Committee noted that there seemed to be confusion about the implications of section 100(1)(a); and 139(1)(a) and 139(1)(b) of the Constitution.
- The Provincial Public Accounts Committee meeting on the 15 April 2018 with the following municipalities made serious observations with regard to investments made with the Venda Building Society (VBS) mutual bank:
 - Dr Ruth Segomotsi District Municipality invested R101, 809 221;
 - Moretele Local Municipalities invested R51, 562 568;
 - Mafikeng Local Municipality invested R84, 974 493; and
 - Madibeng Local Municipality invested R31, 483 008.

8.6.1.4. Recommendations

- There is a need for role clarification between Ngaka Modiri Molema District municipality, the local municipalities and the Sedibeng Water Board with regard to water and sanitation service with immediate effect. There is a need for the Department of Water and Sanitation to provide clarity on their roles as well as the intervention by the department when the Sedibeng Water Board was given an extension in its area of operation.
- The issue of the Rietfontein community requires urgent attention by the MEC for Local Government as well as the national Cogta in view of the fact that the local municipality is among the municipalities under provincial intervention while the provincial department is under section 100(1)(a).
- With regards to the VBS matter, the law enforcement agencies should expedite the investigation of the wrong doing to ensure that offenders are punished while the unduly paid funds are recovered from those found responsible with immediate effect.

8.7. Observations and findings from engagements with organised labour

8.7.1. The meeting with Nehawu provincial leadership

8.7.1.1. The rationale for the meeting

The Committee met with Nehawu as part of the major stakeholders in the North West Province where the Union has been at the center of the labour protest in the Province during the community service delivery protests. Nehawu had engaged the provincial government as far back as 2013 and then again in 2015 on the challenges faced by its members as employees within various sector departments. Nehawu also raised the following challenges: concerns with the centralisation of sector department budgets for programmes within the Premier's Office, the outsourcing of services and the contravention of the law with the legislature. Nehawu reported that there were attempts to get the provincial government to act on their challenges but concerns were dismissed, which gave rise to the labour protest.

8.7.1.2. Observations

- Nehawu met with the Inter-Ministerial Task Team (IMTT) whereby they furnished the team with a list of 20 demands, which the IMTT promised to respond to by providing a progress report. Nehawu received the report from the IMTT;
- Despite the submission of the report, Nehawu was of the opinion that communication of progress on the intervention in the province has been lacking;
- The Co-ordinator of the IMTT intervention team acknowledged a lack of communication and indicated that a communication strategy had been developed, which would be presented to the IMTT leadership for approval;
- The Co-ordinator also committed to a more regular engagement with Nehawu regarding the intervention and the progress thereof;
- Further, the IMTT will provide Nehawu with statistics regarding disciplinary and criminal proceedings that will be instituted, now that the embargo by the Justice cluster has been lifted. The Administrator, Mr Raphulu indicated that about 48 cases are currently with the Hawks for investigation, 44 with the special investigation unit and 22 were waiting for the NPA decision;
- Nehawu stated that the significant number of funded vacant posts (according to a report by the Premier's Office the number of funded vacant posts was 10 000) in the provincial government places severe stress on already overworked public officials raising frustration levels;
- The union also indicated that officials taking on additional work or overtime were not being rewarded in monetary terms but were told to take leave in lieu thereof, which created dissatisfaction and exacerbates the issue of a shortage of staff on duty;

- Nehawu also reported a number of allegations of corruption with regard to outsourcing services and the contractors that were awarded and the use of public funds for other purposes;
- Nehawu also reported on a number of buildings that were non-compliant and therefore not fit for occupation, as well as not being fit for purpose and therefore service delivery could not be provided from these facilities; and
- The union submitted documents concerning cases of maladministration, nepotism and corruption. The union also complaint about incidences of victimization and harassment by some of the politicians and officials to an extent that workers perceived to be pro-union, were suspended. Documents were submitted concerning a deputy director of legal services whose contract has been unfairly terminated. It was also reported that union leaders were now using union funds to ensure their personal safety.

8.7.1.3. Recommendations

- The IMTT needs to ensure that they communicate what interventions has been implemented and the progress thereof, with both Labour and the communities of the North West.
- The IMTT should investigate the allegations of corruption by Nehawu in order to determine if the allegations have merit and institute disciplinary and or criminal proceedings where applicable.
- The IMTT need to address the issue of non-compliant buildings that are being used for office accommodation and whereby buildings owned by the government or being leased were not utilised for service delivery due to it being not-fit-for purpose;
- The IMTT should seriously consider allegations of union members' victimization and harassment by some senior officials as well as politicians. The Coordinator of the Administrators should urgently consult the union on specific cases and incidences where applicable.

8.8. Observations and findings from engagements with community stakeholders

8.8.1. Community engagements in Mahikeng

8.8.1.1. The rationale for the community engagements

The Committee met with the Mahikeng community members to explain the Constitutional provisions about the interventions in terms of section 100(1) of the Constitution as well the role of the National Council of Provinces when such measures are taken by the Executive. Further, to

source inputs from the members of the community on their experience prior and during the intervention as well as their views on the intervention within the province.

8.8.1.2. Observations

About 168 individual members were registered for the meeting and stakeholders among others from the youth, women and people with disabilities made presentations.

8.8.1.3. Issues raised during the community engagements

- The sentiment of the community regarding the intervention is that it is necessary. However, the community also expressed concern with regard to the employees deployed as administrators. They requested that such people should be assessed to ensure that there was no conflict of interest within their ranks;
- The community was of the view that the intervention had not made much progress. The status quo in the province remains with a number of corrupt officials and politicians remaining in government whom continue to loot resources from the state. There was a concern that there was a growing unethical relationship between the government officials and private business people;
- There were also a number of issues raised with regard to SASSA services and payment of grants. There were challenges with regard to the lack of social workers in communities and the quality of social worker services being provided to the communities;
- Youth, people with disability and women being disenfranchised, as there were no targeted development programmes being offered as well as lack of opportunities for those with degrees and diplomas to gain work experience;
- A number of service delivery challenges that were mentioned falls within the mandate of municipalities. There is great discontent with the level of municipal engagement in resolving the concerns of communities as it relates to service delivery;
- There is also dissatisfaction with the breakdown of services in hospital, clinics and ambulance services in the province;
- The Community was concern that drug lords were distributing drugs daylight, and no one hold them accountable. Most of these were allegedly to be foreign nationals and they were also using young girls for prostitution activities.
- A lot of anger was expressed by some members of the community who indicated that the NCOP has a duty to come and report back to them if Parliament is to be taken serious.

8.8.1.4. Recommendations

- The NCOP need to develop a strategy of reporting back on the decision taken on the intervention.
- The issues raised mostly affected specific municipalities and sector departments. The issues raised should be communicated to such organs of state for urgent attention and also report back to the NCOP.
- There is a need for urgent efforts to expedite the internship programs for the youth and people with disabilities.
- There is also a need to intensify efforts with regard to economic empowerment so that people are provided with the necessary capacity to address unemployment and poverty within the province.
- The IMTT should seriously consider the need to ensure that the appointed administrators do not have any conflict of interest.

8.8.2. The community engagements in Klerksdorp

8.8.2.1. The rationale for the community engagements

The purpose was to explain to the members of the community the Constitutional provisions about the interventions in terms of section 100(1) of the Constitution as well the role of the National Council of Provinces when such measures are taken by the Executive. Further, to source inputs from the members of the community on their experience prior and during the intervention as well as their views on the intervention within the province.

About 224 individual members were registered for the meeting and stakeholders among others from Business, People with disability, Faith based organizations, COSATU, DENOSA, NEHAWU, SGB, NGOs, Young Communist League, Traditional healers, Women's Forum, Principals Forum, Unemployed Community Development Forum, Rethabile Old Age Home and RET Force made presentations.

8.8.2.2. Observations

- Most Community members and stakeholders raised concerns about the service delivery protest, which led to infrastructure damage and looting of shops, particularly those which are owned by foreign nationals; and

- Nehawu was concerned about the outsourcing of government functions that occurred over government departments in the province and suggested that it was a gateway to corruption and looting of state resources without services being delivered. Budgets were being centralized, and redirected to where leaders wanted to loot. The EMS component has collapsed. Nehawu had lost hope.
- There was a need to take corrective action to address management competence, including EMS management, fill all vacant positions with relevant, qualified personnel, resuscitate EMS College in North West with qualified lectures, and review all policies related to the above mention and implement;
- Traditional Healers were concerned that they were not recognized in the province as per the section 22 of the traditional healers Act. They needed to be registered and be supported with traditional schools, farms and conduct medical research of indigent medicines, needed government protection from the Western doctors;
- Matlosana Disability Forum was concerned about their exclusion from the economic mainstream as disabled communities. Furthermore, they also indicated that they were still struggling even to get medication from local clinics and hospitals, and they also needed skill development facilities suitable for their conditions;
- School Principals Representation in North West were concerned that there were no adequate facilities in public schools, no infrastructure maintenance, high levels of crimes, stealing of school furniture and schools were overcrowded. The Department of education was not responding to these needs;
- The Radical Economic Transformation Forces viewed the intervention as politically motivated. There was a concern about the high level of gross corruption and nepotism, the unethical relationship between the government officials and service providers. People were forced to pay bribes (brown envelopes) to get contracts in government and municipalities. As a result, a certain contract was given to only one company for all the civil works in the province; and
- The Unemployment Community Development Forum was concerned about the high level of crimes which was due to unemployment. Mining companies not complying with the Mining

Charter, no access to social labour plans for the miners, and community beneficiation was not addressed. The Safety in the mines is still an issue that needs attention.

8.8.2.3. Community member's contributions

- While most of them supported the intervention as, the only hope to bring remedy in the challenges they were facing daily, they raised the following issues:
- The high levels of crime in the community.
- Liquor licenses given to taverns which are operating for 24 hours within communities remained a challenge, which leads to high rape incidences in those communities;
- Drug-lords were distributing drugs in daylight, and no one holds them accountable. Most of the criminal elements are alleged to be foreign nationals and they are also using young girls for prostitution;
- Bylaws were not properly enforced, and the intervention was long overdue;
- Roads were not maintained and therefore causing accidents and fatalities. Big trucks were damaging the road;
- There is a need to inject more funding and resources for start-up businesses. Government processes are too slow.
- Municipalities are not providing enough support for small businesses. Tender opportunities are only given to the selected few individuals who are connected to politicians of the province;
- If these things are not sorted, the social unrest will continue to exacerbate. School children are killing teachers because of drugs and anger;
- There is an area called 24. People have no houses in this area and overcrowding is the order of the day. There are service delivery protests due to that;
- The principal of the does not want to admit certain children to school;
- In the Kanana area, mines have been shut down and there are high levels of unemployment. Children are eating from the dirty bins. Some children are being admitted to hospitals due to malnutrition. There is no proper shelter, and people are told that there is no land. However, churches are given larger portions of land to build and make money;
- There are no recreational facilities for children, and gangsterism is the order of the day;
- The police come in the early hours to arrest people with no official name tags as required. Police abuse people and when reported there is no response from the Department of Community safety;

- Municipalities are failing to maintain their buildings, and therefore there is a need for the Minister of the Department of Cooperative Governance and Traditional Affairs to visit the area to see how municipalities are failing to execute their mandates. There is no accountability in municipalities, and no consequence management;
- There were challenges faced by the Community Property Associations, and the land is needed to be given back;
- People need RDP houses as they were still staying in old cracked containers;
- There was a lack of consultations when decisions were taken by local leaders, and communities did not receive any feedback;
- Alabama does not have a police station, and when calls are made to other police stations there are no vans available and the police arrive late on the scene;
- Private cars are used to take people to hospitals in Alabama;
- When you have a criminal record due to unemployment, you need to pay a bribe to get a job; and
- Gravel road number D1956 – which is a 15.5 km stretch from the N12 needs to be paved as it is only the only main road for the Community of Boskuil that leads to the N12 (should be referred to the local municipality access road are a jurisdiction of local municipalities).

8.8.2.4. Recommendations

- The issues raised that mostly affected specific municipalities and sector departments should be communicated to such organs of state for urgent attention and also report to the NCOP with immediate effect.

9. CONCLUSION

The Provincial Government failed to perform its constitutional duties in that Supply Chain Management (SCM) and internal control management processes within the province have been weakened and in some cases have collapsed. As a result, most of the contracts were found to be irregular by the Auditor General and National Treasury. Poor workmanship by some contractors has been evident in some of the projects sites which were visited by the Committee. Most contractors were paid in advance without delivering according to the agreed terms of contract, and no penalty clauses were invoked. In some cases, the Provincial Departments were paying double and/or were being overcharged by contractors without any consequence management. Most departmental budgets were centralised and made it difficult to make

timeous payments to service providers, including medical suppliers, which led to a shortage of medical supply. There was little or no consequence management against the officials who were implicated by wrong doings, particularly the violation of the financial management legal prescripts. The Committee noted the view by Honourable Khawula that the intervention in the Department of Education and Sports Development in the North West Province in terms of Section 100 (1)(b) of the Constitution is questionable given the fact that: key challenges within the Department are in relation to learner transport but it falls into the functions of the Department of Transport; and Auditor General South Africa reports indicate that the Department has retained unqualified audit outcomes for approximately seven (7) years.

9.1. Committee Resolutions

- It is recommended that disciplinary action be instituted forthwith on employees and/ or officials who are alleged to have committed acts of misconduct / serious misconduct and or/ financial misconduct.
- Criminal proceedings should be instituted forthwith against all implicated persons who are alleged to have committed any criminal offences and that legal processes be initiated to recover any loss suffered by the State as a result of the criminal conduct of any such persons.
- That the Committee reaffirms its recommendations as cited per sector.
- Compliance with legislation should be enforced to enhance good governance, sound financial management, accountability and robust oversight of the monitoring and evaluation function of the intervention centred in the Office of the Premier and extended to the District Offices to improve coordination between all departments in terms of the Intergovernmental Relations Act, as well as to restore service delivery in the Province.

The Ad Hoc Committee having objectively considered the following:

- (a) The decision of the National Executive to invoke section 100(1)(a) and (b) of the Constitution in some Departments in the North West Provincial Government;
- (b) Various reports that were submitted to the NCOP and the Ad Hoc Committee relating to the intervention; and

- (c) The Ad Hoc Committee having complied with the provisions of Section 100 and specifically Section 100 (2)(b) of the Constitution and the provisions of Council Rule 254.

Recommends as follows:

- (a) The intervention should be approved; and
- (b) That the Ad Hoc Committee as established by the Council must while the intervention continues, review the intervention regularly and make any appropriate recommendations to the national executive.

Report to be considered.