



PARLIAMENT
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COMMITTEES

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Legacy Report
of the
Standing Committee on Public Accounts (SCOPA)
on its activities undertaken during the
5th Parliament (May 2014 – March 2019)

Chairperson's foreword

From the onset let me express my sincere gratitude to my colleagues in the Committee for the sterling work and comradeship for the past five years. Unfortunately, the vagaries of political life dictate that we may not continue where we left off. We had achieved such a strong bond of comradeship that set a standard for cross-party unity in the pursuit of proper oversight. Without doubt we set the pace, and placed Parliament as the Centre in the fight against mismanagement and corruption.

Also to the staff of the Committee which made it possible for us as MPs to do our work and shine. We can only rely on them for institutional memory, ensuring continuity in the best traditions of Scopa.

This legacy report captures broadly and in some instances in specific terms the work of the Committee in this term of Parliament.

What comes out clearly in this report is that as Scopa we firmly and faithfully kept to our mandate, that of protecting the public purse.

We have held organs of state to account without fear, favour or prejudice. We have dialectically enhanced our oversight practices, breaking new grounds.

The fact that annually we have seen a continuing rise in irregular, fruitless and wasteful expenditure is no reflection on the effectiveness of the Committee than it is about the failure of the Executive and its accounting officers to live up to their responsibilities as enshrined in the Constitution and the Public Finance Management Act (PFMA). The Executive branch is not responsive to the recommendations from Parliament. There is not sufficient political and administrative will to do what is right for the country to stop the looting of public funds. That is why as Scopa we were actively involved in pushing the Public Audit Amendment Bill, to give the Auditor-General (AGSA) additional powers to follow up on cases of financial mismanagement. This was, unfortunately, an acceptance that the Executive is failing to follow the law and simple political morality.

The National Development Plan (NDP) calls for a capable State. A state capable of running its affairs in the best interest of the people, ensuring that freedom has material meaning to the lives of the people. As Scopa we are frontline witnesses to the sad reality that that noble objective remains just but an ideal. The State has steadily moved in the opposite direction, with no revolutionary morality. The Annual reports of the AG confirmed this. The revelations at the Zondo Commission on State Capture merely gives enhanced details of the things that always came out during Scopa hearings or oversight visits.

The braveness of the corrupt can only be a conformation of a lack of consequences for wrong doing. We consistently called out on the malfeasance at SABC, SAA, Eskom, Compensation Fund, Correctional Services, Water and Sanitation, Public Works, Transnet, SAPS, SITA, PIC etc. to no avail.

Besides the fact that the AG will now have enhanced powers, as Scopa we believe that Parliament must take a deep look at its relations with the Executive. What and how is the enforcement aspect of the Constitutional imperative of “holding to account”. The PFMA allows managers to manage and then account. The critical question is “what is Parliament’s recourse”, if there is no accountability for Public resources spent.

It is a critical question, without whose answer oversight might be reduced to a mere ritual.

Be that as it may, we believe that in this Term Scopa has shown the way and laid a firm foundation for robust oversight. The focus areas we had, and the involvement of the Anti-Corruption Task Team in our work broke new grounds. This must be sustained.

May the new members not bask in the reputation of this Term, but achieve solid and brilliant victories for themselves and take oversight to a higher level.

Lastly, our gratitude goes to the Speaker’s Office, through the House Chair, for the support and guidance. Much appreciated.

Alutta Continua!!

Cde Themba Godi

Scopa Chairperson

March 2019

Introduction

This legacy report provides detailed information and accounts for the work of the Standing Committee on Public Accounts (SCOPA), hereafter referred to as the Committee. It is based on the Committee's activities against its planned objectives as outlined in the Committee's strategic plan (2014 – 2019), which is provided as an attachment.

The purpose of this report is to inform the new Members of Parliament, (of the 6th Parliamentary term), of achievements as well as key outstanding issues pertaining to the oversight work of SCOPA. In addition, this report highlights the challenges that emerged during the period under review, and the issues that should be considered for follow-up during the 6th Parliamentary term.

1.1 Mandate of Parliament

The mandate of Parliament of the Republic of South Africa is derived from section 55(2) of the Constitution of the Republic of South Africa (Act 108 of 1996), hereafter referred to as the Constitution, which states that “the National Assembly must provide for mechanisms to:

- (a) ensure that all executive organs of state in the national sphere of government are accountable to it; and
- (b) maintain oversight of
 - (i) the exercise of national executive authority, including the implementation of legislation; and
 - (ii) any organ of state.

1.2 Functions and powers of SCOPA

The Committee derives its mandate from the mandate of Parliament and it is established in terms of Rule 243 of the National Assembly Rules, 9th edition (2016). The functions and powers of SCOPA are stipulated in Rule 245, which specifies the following:

- (a) SCOPA must consider:

- (i) the financial statements of all executive organs of state and constitutional institutions or other public bodies when those statements are submitted to Parliament,
 - (ii) any audit reports issued on those statements,
 - (iii) any reports issued by the Auditor-General on the affairs of any executive organ of state, constitutional institution or other public body,
 - (iv) any reports reviewing expenditure of public funds by any executive organ of state and constitutional institution or other public body, and
 - (v) any other financial statements or reports referred to the committee in terms of these rules;
- (b) SCOPA may:
- (i) Report on any of those financial statements or reports to the National Assembly;
 - (ii) Initiate any investigation in its area of competence; and
 - (iii) Perform any other functions, tasks or duties assigned to it in terms of the Constitution, legislation, these rules, the joint rules or the resolutions of the National Assembly, including functions, tasks and duties concerning parliamentary financial oversight or supervision of executive organs of state, constitutional institution or other public bodies.

1.3 SCOPA's strategic objectives (2014-2019)

At the beginning of the 5th Parliamentary term, at its first strategic planning session, the Committee agreed on three core objectives. These core objectives which remained the same over the period under review are:

- (a) To consider all annual reports tabled.
- (b) To enhance the oversight effectiveness of SCOPA.
- (c) To improve the understanding of the work of SCOPA by the public.

1.4 Key focus areas

Having established the focus areas for the 5th Parliament, which are aligned to Parliament's core objectives and mandate, as stipulated in the Constitution, the Committee further developed key focus areas for each oversight year.

Table 1 below provides a summary of SCOPA's focus areas over the five-year period:

Table 1: Key focus areas

SCOPA is mandated with scrutinising annual reports and this has been the practice in the past, but during the fifth Parliament increased the normal scope of work by analysing information which is not included in annual reports such as deviations and expansions as well as other available sources of information. This necessitated a need of working closely with other stakeholders such as the AG, NT (refer to section 3) in order to obtain reliable and relevant information.

PERIOD	KEY FOCUS AREAS
2014 – 2019	<ul style="list-style-type: none">• Compliance with Supply Chain Management prescripts;• Internal controls;• Unauthorised, irregular, fruitless and wasteful expenditure;• Consequence management against officials who do not comply with legislation;• Financial health of departments and entities (including accruals, contingent liabilities, commitments);• Non-payment of invoices within 30 days;• Human resource management (including vetting of employees); and• Deviations and expansions.

1.5 Departments and Entities overseen by SCOPA

In terms of the Rules of the National Assembly as stipulated above, the Committee is required to consider all financial statements and audit reports of all executive organs of state, constitutional institutions and public bodies.

Table 2 below provides a comprehensive list of all national departments that should be considered by the Committee:

Table 2: List of all national departments¹

NATIONAL DEPARTMENTS – GROUP 1	NATIONAL DEPARTMENTS – GROUP 2
Arts and Culture	Agriculture, Forestry and Fisheries
Basic Education	Communications
Defence	Cooperative Governance and Traditional Affairs
Economic Development	Correctional Services
Energy	Home Affairs
Environmental Affairs	Human Settlements
Health	Independent Police Investigative Directorate
Higher Education and Training	Justice and Constitutional Development
International Relations and Cooperation	
Labour	Office of the Chief Justice and Judicial Administration
Military Veterans	
Mineral Resources	Planning, Monitoring and Evaluation
National Treasury	Police
Public Enterprises	Public Service and Administration
Public Works	Small Business Development
Rural Development and Land Reform	Social Development
Science and Technology	Sport and Recreation South Africa
Statistics South Africa	Telecommunications and Postal Services

¹ SCOPA considers all annual reports of departments and entities within each department. The list of entities has not been included in this report, however, all entities falling within the department are considered by the Committee.

Tourism	The Presidency
Trade and Industry	Water and Sanitation
Transport	Women, Children and People with Disabilities
	Civilian Secretariat for Police
	Government Communication and Information System (GCIS)
	School of Government

There are more than 300 national public entities that the Committee oversees.

1.6 Method of work of the committee

In terms of section 65 of the Public Finance Management Act, (Act No.1 of 1999), (PFMA), the Executive Authority responsible for a department or public entity must table in the National Assembly the annual report, the financial statements and the audit report on those financial statements.

These reports are submitted to Parliament through the office of the Speaker, and the Speaker refers them to the relevant Portfolio Committee and SCOPA.

Section 65(1)(a) of the PFMA requires that the annual reports, including the annual financial statements and the audit report be submitted within one month after the Accounting Officer for the department or the Accounting Authority for the public entity received the audit report. Section 65(2) of the PFMA requires that if the Executive Authority fails to table the annual report, the financial statements and the audit report within six months after the end of the financial year, the Executive Authority must table a written explanation setting out the reasons why they were not tabled.

After the 30th of September each financial year, the time by which all the departments are required to have tabled these reports to Parliament in terms of the PFMA, the Committee requests a briefing from the Auditor-General South Africa on audit outcomes of all departments and entities. This briefing provides SCOPA with a broader view of audit outcomes and key areas of concern that departments and public entities are facing, and equips the Committee with key focus areas to concentrate on, when conducting its oversight work. Researchers analyse the reports of departments and entities and report to the Committee.

Due to time constraints, and given the volume of work, the Committee has adopted a *modus operandi* which enables it to consider all reports that are tabled in Parliament. In order to give the necessary attention to the Auditor-General's report and issues of concern raised, the Committee divides these reports into two groups and allocates them to the Committee Members in each group or sub-committee. Each "group" has a group convener who chairs the group meetings and is also responsible for giving feedback to the full Committee. The annual reports are divided amongst Members in the groups. The Members scrutinise, analyse and categorise the financial statements. Support staff is allocated to each group to provide content, procedural and research support.

The majority of Committee meetings are open to the public, and at the end of each meeting, the Chairperson may issue a media statement. This process is facilitated by the Principal Communication Officer, allocated to the Committee. The Principal Communication Officer also coordinates the Committee's media briefings, issues opinion pieces on instruction of the Chairperson and arranges radio and television interviews with the Chairperson.

1. Key statistics

This section provides a statistical overview of the activities of the Committee aimed at fulfilling its mandate of financial scrutiny and keeping government officials accountable. Included in the total meetings held by the Committee are joint meetings with other Portfolio Committees, briefings by other the various stakeholders, as well departments' and entities' hearings. The committee had the following activities during the five-year term under review:

Table 3: Statistical overview of the activities of the Committee

Activity	2014/15 ²	2015/16	2016/17	2017/18	2018/19	Total
Meetings held (total)	19	28	20	44	39	150
Oversight visits undertaken	0	2	2	6	2	12
Joint oversight visits with other Committees	0	1 ³	0	0	0	1
Study tours undertaken	0	0	0	0	0	0
Strategic planning sessions	1	1	1	1	0	4

² Period covered is from 02 July 2014 to 31 March 2015.

³ The joint oversight visit was with the Portfolio Committee of Water and Sanitation and Portfolio Committee of Cooperative Governance and Traditional Affairs.

Statistics provided is from 01 April to 31 March of each financial year

2.1 Departments/entities that had several meetings with the Committee

During the five-year period, there were departments and entities that the Committee had several hearings with them. In certain cases, the Committee needed to have follow-up meetings with departments due to various reasons, including in-depth analysis and further interaction of the issues at hand. In some cases, the documents and responses provided by the departments or entities were not adequate enough for the Committee to make conclusions and recommendations on the issues at hand. In those circumstances the Committee would request more information to be submitted, invite other role players to come and account before the Committee or follow-up oversight visits.

Below is a list of some of the department/entities that had several engagements with the Committee.

Table 4: Departments/entities (subsequent follow-up hearings/oversight visits)

Period	Department /entity	Activities
2015/16	Department of Correctional Services	<ul style="list-style-type: none"> • 7 hearings • 1 oversight visit <p>Key issues (challenges)</p> <ul style="list-style-type: none"> • Information Technology • Infrastructure projects • Excessive use Consultants • Contract management
2016/17 & 2017/18	South African Social Security Agency (SASSA) and the Department of Social Development	<ul style="list-style-type: none"> • 11 hearings in total (2016/17 (3), 2017/18 (8)) • 1 oversight visit

		<p>Key issues (challenges)</p> <ul style="list-style-type: none"> • Irregular and fruitless expenditure • Contract management – (Cash Paymaster Services (CPS)) • SASSA/SAPO contract – payment of grants to beneficiaries • Engagement with other role players including the Inter-Ministerial Committee and National Treasury on the Constitutional Court directive regarding the SASSA contract with CPS.
<p>2017/18 and 2018/19</p>	<p>South African Police Service (SAPS)</p>	<ul style="list-style-type: none"> • 5 hearings in total (3 in 2017/18 and 2 in 2018/19) <p>Key issues (challenges)</p> <ul style="list-style-type: none"> • Conflict of interest /employees doing business with the state. (employees who were directors of companies doing business with the department, or who had close relatives doing business with the department but did not declare their interests. • Irregular, fruitless and wasteful expenditure. • Contract management - Forensic Data Analysts (FDA), with SITA, Rofin

		contract and other forensic investigations.
2016/17, 2017/18 and 2018/19	Department of Water and Sanitation	<ul style="list-style-type: none"> • 9 hearings in total (1 in 2016/17, 2 in 2017/18 and 6 in 2018/19) <p>Key issues (challenges)</p> <ul style="list-style-type: none"> • Financial management: Unauthorised expenditure, fruitless and wasteful expenditure, irregular expenditure, bank overdraft, accruals. • Expansions and deviations of contracts. • Contract management: Giyani Project (Lepelle Northern Water), costs escalations on the project, abuse of the emergency procurement clause. • SIU investigations on people implicated in financial mismanagement (corruption).
2016/17 and 2017/18	Transnet	<ul style="list-style-type: none"> • 5 hearings in total (2016/17: 1 and 2017/18 4) • 1 oversight visit <p>Key issues (challenges)</p> <ul style="list-style-type: none"> • Transnet contracts (poor contract management)

		<ul style="list-style-type: none"> • Irregular, fruitless and wasteful expenditure • Deviations and expansions • Vetting of officials
2017/18 and 2018/19	ESKOM	<ul style="list-style-type: none"> • 6 hearings in total (2017/18: 1 and 2018/19:5) <p>Key issues (challenges)</p> <ul style="list-style-type: none"> • Briefing and the hearing on the Tageta ESKOM contract (briefing by the Office of the Chief Procurement Officer) and subsequent hearing with the entity. • Briefing – municipalities owing ESKOM • Hearing with ESKOM, SALGA and municipalities (top ten) owing ESKOM.

2. Key stakeholders

The Committee has engaged with a range of stakeholders during the course of its work, as outlined in table 5 below. The Committee has a long established relationship with most of its stakeholders, especially the Auditor-General and the National Treasury. Some of the relationships with the stakeholders were established during the period under review. The Anti-Corruption Task Team, which is one of the stakeholders whose collaboration was established during the period under review.

Table 5: List of stakeholders

	STAKEHOLDERS	AREA OF INTEREST
1	Auditor-General South Africa	<ul style="list-style-type: none"> • Briefs the Committee on overall audit outcomes for departments and public entities. • Provides detailed audit information on a particular department/entity when requested. • Briefs the Committee on special audit or performance audit reports tabled.
2	National Treasury	<ul style="list-style-type: none"> • Quarterly engagements on financial matters of departments and public entities, including deviations and expansions, SCM challenges. • Briefings on the status of departments in complying with payment of supplies within 30 days. • Officials representing National Treasury attend SCOPA hearings.
3	Public Service Commission	<ul style="list-style-type: none"> • Human Resources issues and service delivery issues in the public service.
4	Anti-Corruption Task Team	<ul style="list-style-type: none"> • Quarterly engagements with the Committee on the status of the cases they are handling. • Officials representing ACTT attend SCOPA hearings.
5	Special Investigating Unit	<ul style="list-style-type: none"> • Provides the Committee with a progress report on the status of its investigations of serious malpractices and maladministration relating to state institutions, state assets and public money.
6	Association of Public Accounts Committee (APAC)	<ul style="list-style-type: none"> • Provides training, conferences, seminars to Members of Parliament (and support staff) on public accountability and related issues.
7	Southern Africa Development Community Public Accounts Committee (SADCOPAC)	<ul style="list-style-type: none"> • Training to Members of Parliament (and support staff) on public accountability and related issues. • SADCOPAC conferences – the Committee can share experiences with other counterparts on public accountability/oversight (experiences/challenges/success stories).
8	Portfolio Committees	<ul style="list-style-type: none"> • Joint hearings/joint oversight visits.
9	Media	<ul style="list-style-type: none"> • Media briefings, coverage of committee activities, as well as interviews with the Chairperson of the Committee.

In all Committee hearings, there are officials from the National Treasury, the Auditor-General as well as the Anti-Corruption Task Team. When required, the officials from these offices are requested to provide clarity on issues raised by the Members of the Committee. The Committee can also refer matters to these offices for further attention.

4. Briefings and public hearings

This section provides critical issues that were identified by the Committee from the briefings and engagement with various stakeholders, as well as from the hearings with departments and entities that have been called to account before the Committee:

4.1 Financial management

- (a) Inadequate controls to prevent unauthorised; irregular; fruitless and wasteful expenditure, which is in contravention of section 38(1)(c)(ii) and section 57(c) of the PFMA, for government departments and public entities respectively.
- (b) Lack of consequence management by the Accounting Officer of a department or the Accounting Authority of the public entity, against officials responsible for unauthorised; irregular; fruitless and wasteful expenditure, and officials who undermine the financial management and internal control systems of the department, as required by section 38(1)(h) of the PFMA.
- (c) Material misstatements of financial statements.
- (d) Non-payment of invoices within 30 days from receipt of an invoice, as required by section 38(1)(f) of the PFMA and Treasury Regulations 8.2.3. Non-payment of invoices within 30 days from receipt of an invoice. Non-payment of invoice within the stipulated timeframes results in government departments incurring late payment interest and penalties, which results in departments incurring fruitless and wasteful expenditure. This non-payment also hinders the survival of Small and Medium Enterprises (SMEs).
- (e) Poor record keeping of financial affairs which hinders the financial performance of a department.
- (f) Inadequate budget controls and misuse of the provisions of section 43 of the PFMA which allows virement between main divisions within a budget vote. Many departments have compromised the budget for compensation of employees for capital projects which were not adequately budgeted for. This results in prolonged vacant positions.

4.2 Supply Chain Management

- (a) Three written quotations not sourced, in contravention of section 217(1) of the Constitution, section 45(b) of the PFMA and Treasury Regulations 16A6.1
- (b) Competitive bidding processes not followed, in contravention of section 217(1) of the Constitution, section 45(b) of the PFMA and Treasury Regulations 16A6.1
- (c) Preference point system not applied or incorrectly applied.
- (d) Misuse of the virement option in order to pay for the projects that were not properly planned and budgeted for.
- (d) Appointment of service provider:
 - (i) even before the evaluation process is completed;
 - (ii) despite the service provider not qualifying;
 - (iii) despite objection from, or against the recommendation of, the Bid Adjudication Committee (BAC);
 - (iv) without tax clearance.

4.3 Contract management

- (a) Misuse of deviations to bypass tendering processes and thus advantage certain service providers. Treasury Regulation 16A6.4 provides “if in a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the required goods or services by other means, provided the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority”. This clause is intended for cases of emergency or where goods and services are available from sole providers. However, government institutions are abusing this provision to circumvent the required competitive bidding process.
- (b) Inadequate contract management controls:
 - (i) appointments without contracts or letters of appointment;
 - (ii) continuing with expired contracts;
 - (iii) emergency procurements.
- (c) Expansions of contracts and variation orders
- (d) Evergreen contracts.

4.4 Human resource management

- (a) Instability of leadership within the senior ranks.
- (b) prolonged vacancies in key senior management positions, in contravention of the Public Service Act and Public Service Regulations (Regulations of 2001) C1A.2 Which requires vacancies to be filled within 12 months.
- (c) Vetting of senior officials and officials in the SCM units not conducted as required by Cabinet decision of 2014.
- (d) Ignoring internal audit recommendations.
- (e) Prolonged acting by officials in higher posts.
- (f) Continuous use of consultants.
- (g) Prolonged suspension periods.

4.5 Information Systems deficiencies

- a) Lack of clear and concise policies, procedures, guidance, support and oversight from various IT role players, authorities and custodians within government.
- b) Lack of clear ownership, roles and responsibilities of technical components and their respective controls.
- c) Lack of competent officials and or sufficient capacity to perform the IT related duties.
- d) Lack of independent monitoring of activities at departments to ensure compliance with prescribed controls.

4.6 Non-compliance with laws and regulations

In line with the findings of the Auditor-General, the Committee has also discovered that many departments and public entities are not complying with the legislation, and there are lack of consequences for those departments that do not comply with the application, the most common non-compliance, is:

- a) Constitution, (especially section 217)
- b) PFMA;
- c) Treasury Regulations;
- d) Supply Chain Management
- e) Public Service Act; and
- f) Public Service regulations

5. Study tours undertaken

No study tours were undertaken during the period under review.

6. Oversight visits undertaken

Oversight visits are done as follow up to hearings, to departments or entities not showing any improvement in their financial management. The following oversight visits were undertaken:

Table 6: Oversight visits

Date	Department/entity - Area Visited	Objectives
21-23 July 2015	Department of Home Affairs – Eastern Cape and KwaZulu Natal	The Committee visited the local and district offices (as well as the provincial office) to ascertain challenges in those offices. The key oversight objectives was to assess the extent of: <ul data-bbox="947 867 1629 1049" style="list-style-type: none">• Manual record keeping• IT infrastructure• Office space and archiving of department's documents• Human resource (especially in finance and SCM)
13 September 2015	Joint oversight visit with PC on Water and Sanitation and COGTA (KZN Province: various local and district municipalities)	<ul data-bbox="947 1057 1650 1382" style="list-style-type: none">• Financial viability of local and district municipalities in the provinces.• Poor financial management practices.• Poor debt collection by local and district municipalities.• Project planning and the status of infrastructure projects.• Extensive reliance on consultants without positive impact on the audit outcomes.

Date	Department/entity - Area Visited	Objectives
21-23 September 2015	Department of Correctional Services (Johannesburg and the Kgosi Mampuru Correctional Centres)	<ul style="list-style-type: none"> • Information Technology • Security systems and controls • Capacity in finance and SCM sections • Record keeping and documentation • Incomplete infrastructure projects
27-29 March 2017	South African Broadcasting Corporation (Head Office); South African Post Service(Head Office)	<p>South African Post Office</p> <ul style="list-style-type: none"> • To assess SAPO 's readiness to take over the payment of social grants to beneficiaries. (IT infrastructure, personnel, systems, internal controls). <p>South African Broadcasting Corporation (SABC)</p> <ul style="list-style-type: none"> • To assess weakness in financial management controls; internal controls. • Contract management (irregular awarding of contracts to service providers, evergreen contract; reliance on consultants without a detailed skills transfer plan).
27-28 June 2017	SABC and Compensation Fund (Head Offices)	<p>SABC</p> <ul style="list-style-type: none"> • To obtain input from the SABC and the Special Investigating Unit (SIU) on the cases referred to the SIU on irregularities within the SABC. • To determine the scope of the SIU investigations before the proclamations concluded. <p>Compensation Fund</p>

Date	Department/entity - Area Visited	Objectives
		<ul style="list-style-type: none"> • To ascertain the extent and root causes of irregular expenditure, fruitless and wasteful expenditure. • To establish the extent of internal controls and consequence management. • To establish the progress and status on cases of fraud and corruption cases (under investigation).
13 -15 September 2017	SAA Group SA Express SASSA (Head offices, and visits to various sections within the Head Office)	<ul style="list-style-type: none"> • Weakness in internal controls. • Capacity of internal audit units. • Root causes for financial mismanagement.
13-17 August 2018	SAA Group (SAA Technical, Air chefs, SAA Commercial) Transnet (Head Office, various sections)	<p>SAA Group</p> <ul style="list-style-type: none"> • SAA technical: weaknesses in internal and financial controls. 5 key areas of concern identified were (the SCM section, finance, Human Resources, operations and workshop, and stores). • Poor financial management systems (including billing, issuing of credit notes) • Poor security management; ongoing investigations. • Forensic report (including the open water report). • SAA (Group): Turnaround strategy, vetting of employees; profitability of routes (SAA commercial). Going concern issues. <p>Transnet</p> <ul style="list-style-type: none"> • The capacity of the internal audit (Reliance on external consultants to provide internal audit services to the entity). • Internal audit recommendations not implemented by the Audit Committee and the Board.

Date	Department/entity - Area Visited	Objectives
		<ul style="list-style-type: none"> • Contract management, including the evergreen contracts. • Dependency on consultants (costs of not building the internal capacity).

6.1 Challenges emerged from the oversight visits

The following is a summary of the challenges that emerged during the various oversight visits:

- (a) Disregard of applicable legislation by officials and senior management (e.g Constitution, PFMA, Treasury Regulations, PPPFA, amongst others)
- (b) Lack of consequence management for officials responsible for non-compliance with applicable legislation.
- (c) Non-recovery of money due to lengthy investigation processes.
- (d) Disregard for recommendations by internal control structures, such as the internal audit unit as well as the Audit Committee.
- (e) SCOPA recommendations not implemented.
- (f) Vacant positions in key positions not filled.

7. Challenges relating to Committee's regular activities

- (a) Joint committee sittings where different systems of running meetings hindered progress or affected the desired outcomes.
- (b) Inadequate time to process committee reports.
- (c) Committee meetings cancelled or postponed due to unpreparedness or unavailability of department key officials.

- (d) Documents received late from departments, which adversely affected the preparation and therefore interrogation process by Members.
- (e) Inability to have quarterly engagements with the National Treasury and the Anti-Corruption Task Team, mainly due to non-availability of key officials in these institutions.
- (f) Submission of required information after the hearings.
- (g) Lack of responsiveness from departments or entities, leading to multiple hearings, thereby costing the committee time that should have been spent engaging with other departments.
- (h) Increasing number of departments and entities not submitting reports on time, frivolously challenging the AG's findings.

8. Summary of outstanding issues relating to the departments and entities that the committee has been grappling with

Table 7: Key outstanding issues

Department/entity	Issue(s)
South African Airways Ltd (Group)	<ul style="list-style-type: none"> • Status report on the vetting of employees. • Open Water report (actual report and progress report on implementation of recommendations). • Legal fees (schedule). • Long-term turnaround strategy.
Eskom (Inter-Ministerial Task Team)	<ul style="list-style-type: none"> • Defaulting Municipalities owing Eskom. • Progress report on the implementation of the recommendations of the Advisory Panel on electricity reticulation and distribution.
Anti-Corruption Task Team	<ul style="list-style-type: none"> • Status report on the cases they are dealing with. • Update on the status on the cases referred by the Committee.
Department of Water and Sanitation	<ul style="list-style-type: none"> • Inquiry: Various challenges with the Department (including poor financial controls, contract management, HR issues, amongst others). • Oversight visit on the Giyani water project • Monitor the status on the proposed organogram that was declined by the DPSA

Department/entity	Issue(s)
National Treasury	<ul style="list-style-type: none"> • Deviations and expansions • Status report on the Integrated Financial Management System (IFMS) (Consequence management against implicated officials) • Monitor progress on the proposed policy on deviation and expansions approval process
SABC	<ul style="list-style-type: none"> • Status report on the cases referred to the SIU for investigations. • Consequence management against officials implicated in forensic investigations.
TRANSNET	<ul style="list-style-type: none"> • Status report on the vetting of employees. • Detailed plan to capacitate the capacity of the internal audit unit.
DPW	<ul style="list-style-type: none"> • Prestige properties • Status report on the secondment and subsequent appointment of Mr Mokgoro as CFO of the Department and head of the Property Management Trading Entity (PMTE). • Monitor the capacitation of the PMTE and its reporting exemptions by the Auditor General
SAPS	<ul style="list-style-type: none"> • Update on the implementation of the forensic report – Investigation into Alleged Irregularities Relating to the FDA Contract 19/1/91/235 TD (14) for Procurement of Forensic Light Sources
SSA Vetting process	<ul style="list-style-type: none"> • Report on compilation and vetting policy and procedures the list of departments and entities vetted (and which ones are not vetted)
NSFAS	<ul style="list-style-type: none"> • Leadership oversight • Inadequate financial management controls
PIC	<ul style="list-style-type: none"> • Outstanding reports • Quarterly reporting
Steinhoff	<ul style="list-style-type: none"> • Finalisation of hearings
International Relations	<ul style="list-style-type: none"> • Monitor progress in identifying office space which is rented but not utilized in foreign countries in order to prevent fruitless and wasteful expenditure
Post Office	

Department/entity	Issue(s)
SITA	<ul style="list-style-type: none"> • Request progress report on the R22 million pre-paid rent to ECO Park Building when the offices were not occupying • Request progress report on the R22 million pre-paid rent to ECO Park Building when the offices were not occupied • Progress report on irregular contracts termination with FDA and rights to software licenses.

9. Key Achievements – SCOPA 2014 -2019

- **SASSA:** The Committee was very instrumental in ensuring that the CPS contract which was declared irregular and renewed irregularly be terminated. SASSA was requested by the Committee to negotiate with the South African Post Office to establish if the function previously performed by CPS can be done by SAPO. An agreement was reached to award the contract to SAPO, thereby saving the State a substantial sum of money.
- **Department of Correctional Services:** Steady progress in the findings by the Auditor-General.
- **ACTT:** Referral of cases for further investigation.
- **SITA:** Contract management and awarding of tenders
- **SAPS:** Investigations into corrupt practices e.g. FDA
- **ESKOM:** Intervention on defaulting municipalities
- **Media:** Media coverage of SCOPA work enhance the image of Parliament.
- **SCOPA:** Increase calls by members of the public for SCOPA to intervene on matters of corruption and services delivery..

10. Overall performance and general conclusions

Overall, the Committee has performed well over the five-year period under review, particularly in addressing the focus areas that were identified in the strategic planning sessions. In terms of actual performance against targets, the Committee exceeded this in almost all its areas, especially for the number of hearings held, oversight visits undertaken, as well as on communication/public awareness strategies, there has also been adequate visibility of Committee work through various media platforms, which ensured public access to the work of the Committee.

The Committee has also successfully summoned the Accounting Authority (the Board) of Transnet to appear before the Committee, when this Board resisted to come and account.

11. Recommendations to the 6th Parliament:

It is recommended that the Committee in the 6th Parliament should:

- (a) Exercise its powers and authority to summon anyone, including the officials and Ministers who have left the Department/public entity.
- (b) Strengthen and maintain relationships with law enforcement agencies, the Anti-Corruption Task Team provide regular updates on the status of cases relating to maladministration, fraud and corruption in the public sector.
- (c) Follow closely the implementation of the Public Audit Amendment Act, which gives the Auditor-General powers to take action against those who have misused public funds.
- (d) Undertake more vigorous oversight visits.
- (e) Allocate more time to consider and adopt Committee reports for further debating in the House.
- (f) Monitor the progress on implementing SCOPA recommendations.
- (g) Maintain strong working relationship with AG and National Treasury.
- (h) Work with the Public Service Commission (PSC) and obtain further reports on certain departments.

Annexures:

- (a) Strategic Plan documents (2014-2019)
- (b) Annual performance plans (2014/15 - 2018/19)
- (c) Master attendance register