No.0424 - 2023: Fifth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Friday, 01 December 2023

# **ANNOUNCEMENTS**

None

# **TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Standing Committee on Public Accounts, Hon. S Khanyile, tabled the Committee’s Oversight Report on the Report of the Auditor-General of South Africa to the Gauteng Provincial Legislature on Financial Statements of the Office of the Premier (OoP) for year ended 31 March 2023, as attached:**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS OVERSIGHT REPORT ON THE REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 1: OFFICE OF THE PREMIER FOR THE YEAR ENDED 31 MARCH 2023**

**30 NOVEMBER 2023**

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**Acronyms**

AGSA Auditor-General of South Africa

AIF Africa Investment forum

APP Annual Performance Plan

BCP Business Continuity Plan

CFO Chief Financial Officer

DG Director-General

GPL Gauteng Provincial Legislature

GPSSBCGeneral Public Service Sector Bargaining Council

IT information Technology

LAC Labour Appeal Court

MPL Member of the Provincial Legislature

NIOH National Institute of Occupational Hygiene

OoP Office of the Premier

PAA Public Audit Act

PERSAL Personnel Salary System

PFMA Public Finance Management Act

PME Performance Monitoring and Evaluation

RSA Republic of South Africa

TR Treasury Regulations

TID Technical Indicator Descriptor

1. **INTRODUCTION**

The Standing Committee on Public Accounts (SCOPA) has examined the Report of the Auditor-General of South Africa (AGSA) to the Gauteng Provincial Legislature (GPL) on the financial statements of Vote 1: Office of the Premier for the year ended 31 March 2023. This was done as per GPL Rule 178 (2).

The function of SCOPA is to examine the financial statements of the Legislature, all executive organs of the province and other provincial organs of state, including any reports issued by the AGSA on the affairs of GPL, Office of Premier (OoP) and the Departments & Entities of Gauteng Provincial Government (GPG). SCOPA is required to do this on behalf of the Legislature, to ensure accountable utilization of resources and prudent financial management, and to make recommendations to the Legislature.

In the process of examining the financial statements and reports of an organ of state, SCOPA must ensure that they comply with of the Constitution of RSA, the Public Financial Management Act, and the requirements of the Public Audit Act No 5 of 2018. SCOPA must also consider the previous statements and reports of such an organ and report on the degree to which shortcomings have been rectified as required by GPL Rule 178 (3).

1. **PROCESS FOLLOWED**

The Report of the AGSA on the financial statements of Vote 1: Office of the Premier for the year ended 31 March 2023, was tabled together with its 2022/23 Annual Report on 31 August 2023. This was done in terms of Sections 188(1) and (2) of the Constitution of the Republic of South Africa, (Act No. 108 of 1996), read with Sections 4, 20, and 21 of the Public Audit Act No 5 of 2018.

The report was referred by the Speaker to SCOPA on 31 August 2023, for consideration, as per Rule 149 read with Rule 233 of the Standing Rules of the GPL.

On Thursday, 19 October 2023, the Committee was briefed by the Auditor-General of South Africa on the audit outcome of the Premier (OoP).

The Committee analysed the report and produced preliminary questions which were sent to the OoP for responses by 10 November 2023.

In the process of SCOPA considering the reports of the AGSA, the following reports were received from the Stakeholders of the Committee on 19 October 2023:

* The report by the Office of the Premier on Gauteng Forensic Unit report on progress made on special focus cases and investigations referred by Departments;
* The report by the MEC for Finance on the Assessment of consolidated AFS and consolidated Audit Outcomes;
* The report by the Office of the Public Service Commission in Gauteng on GPG Departments Public Administration Practices; and
* The report by the Gauteng Office of the Public Protector on Investigations related to Gauteng for the period 2022/23 and outstanding for prior years.

In examining the report by the Office of the Premier, the Committee resolved not to conduct a public hearing with the OoP.

After due deliberations on 30 November 2023, the Standing Committee on Public Accounts (SCOPA) unanimously adopted its report on the Report of the Auditor-General of South Africa for the Office of the Premier for the year ended 31 March 2023.

1. **FINDINGS BY THE AGSA ON THE REPORT**
   1. **Audit Opinion**

The Auditor-General of South Africa issued an unqualified audit opinion (clean audit) on the financial statements of OoP.

The Office of the Premier has retained the clean audit. This is an unchanged audit opinion, from that which it received in the last financial year (2021/22), and in prior financial years.

Although the audit outcomes have been maintained, there are still some instances of non-compliance and errors in the financial statements and the performance report, which might result in material findings in the future, should they not be fully addressed by management.

* 1. **Emphasis of Matters**

The emphasis of matters was raised on the following:

* Material uncertainty relating to contingent liabilities
  1. **Audit Findings**

The AGSA did not identify nor raise any material findings or significant deficiencies in the Office of the Premier in the following areas of the audit.

* Audit of annual performance report, Programme 3: Policy and Governance;
* Audit of compliance with legislation; and
* Audit of internal control deficiencies.

1. **COMMITTEE FINDINGS AND CONCLUSIONS ON THE FINDINGS BY AGSA**

As reported earlier, the Committee engaged the Office of the Premier through preliminary questions which were generated during the analysis of the report of the Auditor-General of South Africa. The Committee has analysed the responses by the OoP and has determined as indicated in this section areas of findings.

* 1. **MATERIAL UNCERTAINTY RELATING TO CONTINGENT LIABILITIES**

**4.1.1 Findings by the AGSA**

The AGSA reported that the Office of the Premier is the defendant in various claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

**4.1.2. Committee Findings**

The Office of the Premier reported that;

* The approval of the Irregular Expenditure condonation for Rhandzanami, Insight2Lead, and Hotel and Tourism Investment amounting to R11 385.00, R642 300 and R827 181 respectively was granted on 11 August 2023 by the IE Committee at Treasury; and
* It was awaiting correspondence from the Gauteng Provincial Treasury for condonation of irregular expenditure relating to Nambitha Konke on catering services and Millison Pty Ltd on office furniture amounting to R23 460 and   
  R162 144 respectively.

The Office of the Premier reported that it had put in place the following corrective measures to minimise lawsuits;

* Reviewed the supply chain processes to enhance additional layers of review combined with coaching as well as formal training of staff within the supply chain;
* Implemented a staff rotation plan to guarantee that all levels of the necessary skill set are always present, even if some team members are occasionally unavailable; and
* Initiated investigation in order to achieve comprehensive remediation.

1. **CULTURE SHIFT TO SUSTAIN AUDIT OUTCOMES AND SERVICE DELIVERY**

The Committee noted the following matters with which the AGSA has also concurred:

* The Accounting Officer and Senior Management to review the Annual Performance Plan during the mid-term review and recraft key indicators with the aim of reporting on actual achievement that will positively impact service delivery and move away from reporting in the manner of number of reports. The Committee is concerned that the GPG Departments and Entities APPs reporting are not outcome-based.

1. **COMMITTEE RECOMMENDATIONS**

6.1 That the OoP must investigate the 228 000,00 irregular expenditure and provide the Committee with a report detailing the status of the investigation by 30 April 2024 and a quarterly progress report continuing up until finalisation thereof.

6.2 That the OoP must develop and implement a plan to sustain clean audit outcomes in the financial and performance management, as well as the status of compliance, thereby ensuring good governance and administration of public funds and provide the Committee with a report by 30 April 2024.

6.3 That the OoP must investigate outcome-based reporting and provide the Committee with a progress report by 30 April 2024 and a quarterly progress report continuing up until finalisation thereof.

1. **CONCLUSION**

In conclusion, the Committee noted that there were no findings under-emphasis of matters on the financial statements of the Office of the Premier.

The Committee will engage the Premier and MEC for Finance on areas of focus that need attention in some Gauteng Provincial Government Departments and Entities so that they could assist them to achieve clean audit outcomes.

1. **ACKNOWLEDGEMENTS**

I would like to thank the following Members: MJ Kanyane; RJ Kekana; BP Mncube; MJ Modise; DP Malema; A De Lange; P Atkinson; AW Cilliers; and P Mdlankomo for their diligent deliberations during this process.

I would also like to express my appreciation to the MEC of Finance, J Mamabolo, and officials of the Gauteng Provincial Treasury; the Gauteng Business Unit Leader of the Office of Auditor-General South Africa (AGSA), Mr. Dumisani Cebekhulu and his team; Premier Panyaza Lesufi and officials of Office of the Premier; Group Committee Co-ordinator, Monica Vaas for tabling the report; Senior Committee Co-ordinators, Simon Magolego, and Mompati Gaonnwe; Committee Co-ordinator, Catherine Thobejane; Committee Researchers, Bongi Dlamini, and Lerato Mofokeng; Administrative Assistants, Sizakele Mthembu Media Officer, Pfano Bulasigobo; Senior Information Officer, Jacky Letsoalo; Legal & Procedural Advisor, Winnie Ngubane; Service Officer, Lithemba Simon, PPP Lerato Bodman and the Hansard Operator, Raksha Singh without whom this process would not have been successfully completed.

1. **ADOPTION OF THE REPORT**

After due deliberations, the Standing Committee on Public Accounts (SCOPA) unanimously adopted its report on the Report of the Auditor-General of South Africa to the Gauteng Provincial Legislature on the financial statements of the Office of the Premier for the year ended 31 March 2023.

In terms of Standing Rule 117 (2)(c) read together with 164, the Committee presents to this House the above-mentioned report for consideration and adoption.

**Mr Sochayile Khanyile**

**Chairperson: Standing Committee on Public Accounts**